INCOME INSECURITY:

THE DISABILITY INCOME SYSTEM IN CANADA

THE G. ALLAN ROEHER INSTITUTE

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- to foster the exchange of ideas leading to new ways of thinking about persons with an intellectual impairment.

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EXECUTIVE SUMMARY

Canadians who are disabled are poor. Their poverty is related to the problems they experience in finding paid employment. Individuals with a disability face a variety of work-related barriers, the most important of which are attitudes that assume inability rather than employment potential.

The difficulty in finding paid work means that persons who are disabled cannot earn enough money to support themselves. As a result, they must depend upon programs of income support.

This research was undertaken to describe and analyze the disability income system in Canada. It soon became clear that the various programs of income support do not ensure income *security* but rather result in income *insecurity*.

The disability income "system" is comprised of a patchwork of programs, each of which has different eligibility criteria and administrative arrangements. Access to a given program is often dependent upon how the disability occurred rather than upon financial need.

While there are a variety of individual programs, these generally fall into the two major categories of work-related and non-work-related programs. The first group includes the "insurance" programs (e.g., Canada/Quebec Pension Plan, Unemployment Insurance). Contributions to these schemes can be made only through participation in the paid labour force.

Persons with an intellectual impairment, in particular, are

usually excluded from this source of income because they cannot find jobs and are therefore ineligible to contribute. They are left to depend upon the non-work-related programs including social assistance (welfare), Old Age Security pension and Guaranteed Income Supplement, financial support to families caring for dependents who are disabled and tax credits.

Because so many persons who are intellectually impaired rely upon welfare for their primary source of income, this "last resort" safety net is explored in some detail. Five major features of the system are considered: eligibility, liquid assets, rates of assistance, special assistance and earnings exemptions. Provincial and territorial profiles are included.

Analysis of social assistance found that it effectively locks recipients into that system through a variety of economic and psychological "traps." Rates of assistance fall well below the poverty line. Benefits are inadequate both in terms of absolute value (their actual levels) and relative value (their value in relation to increases in the cost of living).

Rules regarding liquid assets make it difficult for individuals to have sufficient funds for emergency purposes, special needs or educational interests. Guidelines with respect to earnings exemptions discourage recipients from keeping the money they may earn through casual or part-time employment. The discretionary aspects of the system create inequities in the treatment of persons with similar needs; provincial administration results in serious regional disparities.

The second part of the research focuses upon income security reform. Incremental reform describes the moderate changes that can be made in the short term to improve current programs. These include: more adequate benefits and regular indexation (where this does not yet exist), increased financial assistance to families caring for dependents who are disabled, tax changes such as the total or partial refundability of certain credits and better integration of various income support programs.

Proposals for comprehensive reform of the *general income security system* in Canada are presented, including the guaranteed income options put forth by the Macdonald Commission and by the Canadian Council on Social Development. Reform of the *disability income system*, in particular, is discussed from the perspective of the

Joint Federal/Provincial Study of a Comprehensive Disability Protection Program, the report of the Ontario Social Assistance Review Committee and the concept of individualized funding.

This research on the disability income system does not make specific recommendations. Rather, it is intended to serve as a reference document that provides information and identifies the strengths and weaknesses of various options. For example, many proposals for income security reform are based on a simplified, less "intrusive" and more equitable arrangement that employs income testing — that is, a person whose income falls below a certain level would qualify. At the same time, however, some of the advantages of the needs-tested approach used in the current welfare system would be lost. A combination of the two — such as an income-tested core with a needs-tested supplement — is a possible solution.

Finally, this research focuses primarily upon income security programs in Canada. It only discusses income "in kind" in relation to the special assistance provided under the welfare system—that is, the goods and services to which recipients may be entitled if need is demonstrated. The document does not explore the broader field of independent living services. While these are essential for most persons who are disabled, in-depth analysis of residential, vocational, life skills and educational programs requires a separate investigation. A follow-up study is being undertaken to document these programs, explore current legislative and funding arrangements, and identify the obstacles that stand in the way of developing community-based services.

INTRODUCTION

Most Canadians who are disabled are poor. A 1986 survey found that persons who are disabled have low incomes; 63 percent reported an annual income of less than $10,000. Only five percent had an annual income of more than $30,000.[1]

Their poverty is linked to two major factors. First, many incur high costs as a result of their disabling condition. Regardless of their level or source of income, most persons with any form of disability need to spend more money on items or services required for daily living.

Second, the majority of persons who are disabled lack a significant attachment to the paid labour force. Their participation rate is much lower than the national average. In 1983-1984, only 48 percent of these individuals were in the labour force compared with the national participation rate of 75 percent.[2]

Among the 1,817,430 disabled persons aged 15 to 64 living in private households, 39.2 percent or 711,560 were employed during August to October 1986. By contrast, approximately 70 percent of non-disabled persons in that age group were employed at the time. There were 895,985 individuals (or 49.3 percent of the 1,817,430 persons referred to above) who reported their labour force status as "not in the labour force." This included 167,180 persons who had never worked.[3]

Canadians with any form of disability face serious work-related barriers. Many employers are reluctant to hire persons who are

disabled, judging them on the basis of their limitations rather than their potential. Most workplaces are not accessible to those with a physical impairment. Organizational policies and practices may also present obstacles. Requirements for a particular position may be unnecessarily elaborate. Employment procedures such as interviewing, written applications or testing may automatically eliminate certain candidates, especially those with any type of communication disorder.

Another major problem is our narrow conception of "work." Current definitions generally refer to the formal economy and leave out other activities with potential economic value. "Activity in the 'informal economy' — voluntary work, barter, skills exchange, mutual aid and housework — contribute significant economic value to Canadian life, but is not usually counted as 'work'."[4]

Traditional approaches have relied upon individuals seeking jobs and becoming employees of organizations. Much less attention has been paid to the creation of work options through a variety of community development initiatives. Until we move toward true full employment rather than full employment only for those considered to be "able to work," persons with any form of disability will always be economically vulnerable.

Many who have been "fortunate" enough to overcome attitudinal, physical and work-related barriers are still poor because they tend to be employed in low-paying, unstable jobs. Other Canadians who are disabled live in poverty because they are required to participate in "rehabilitation" or "training" programs that provide only minimal allowances. Still others are poor because the lack of suitable work alternatives forces them to rely on a range of income support programs that are complex, uneven and discretionary in their administration as well as highly inadequate in their levels of benefit.

This study sets out to examine these programs of income support and to explore the problems that both applicants and beneficiaries face in relation to these programs. More specifically, this study has three major objectives:

1. To identify the primary programs of income support for persons who are disabled and for families caring for dependents who are disabled.
2. To explore the problems that applicants and recipients (in

particular, individuals with an intellectual impairment) experience in relation to these programs.

3. To recommend ways in which these programs can be improved and to propose options for more adequate and equitable approaches to income support.

The information for this study was gathered from several sources. Interviews were held with individuals throughout the country concerning the difficulties they had experienced with respect to current programs of income support. Representatives from the provincial and territorial divisions of the Canadian Association for Community Living were interviewed regarding concerns in their respective jurisdictions as well as efforts they had undertaken around this issue. Meetings were held with government officials representing various income security and social service programs.

A questionnaire was sent to officials from provincial/territorial departments or ministries responsible for income security. The questionnaire sought information about current social assistance provisions for persons who are disabled, financial support for families caring for dependents with a disability and provincial tax credits. A letter was also sent to provincial/territorial officials who participated in the Joint Federal/Provincial Study of a Comprehensive Disability Protection Program (described below). Finally, a literature search was conducted for articles and titles relevant to this subject.

INCOME SUPPORT PROGRAMS

SOCIAL ASSISTANCE

Description

Social assistance, commonly known as "welfare," functions as Canada's "safety net." It provides financial assistance to individuals whose income from employment or other sources is not sufficient to meet their needs. It is not possible from current data to determine what percentage of persons with an intellectual impairment are receiving social assistance.

What we do know with certainty is that few individuals who are intellectually impaired have significant attachment to the paid labour market. This means that these persons have no ongoing, stable source of employment-related income to provide for their support. Second, their marginal attachment to the labour market means that they have limited access to major social insurance programs, such as the Canada Pension Plan and Unemployment Insurance, in which benefit levels are determined on the basis of labour force participation. They are left to depend primarily upon the safety net.

Social assistance is a provincially administered program of income support. There are only three provinces — Nova Scotia, Ontario and Manitoba — that have a "two-tier" welfare system. Municipalities in the two-tier provinces are responsible for the provision of financial assistance to persons who are likely to be employed in the near future. Their needs are deemed to be short-term in nature. Provincial govern-

ments provide financial support to those who require assistance over a prolonged period of time because of a disability or circumstance that renders them incapable of maintaining employment.

Individuals with an intellectual impairment are likely to require financial assistance over an extended period of time. They are therefore eligible in most jurisdictions for long-term benefits that are are generally higher than short-term rates.

While social assistance is administered by provincial governments, the federal government shares 50 percent of the costs under the Canada Assistance Plan. Under this Plan, assistance may be provided to any individual or family deemed to be "in need." Provinces have formulated extensive sets of rules to determine the fact and extent of need.

In fact, the welfare system in every jurisdiction is governed by complex rules that serve as guidelines for making decisions on virtually every aspect of social assistance including eligibility, rates of assistance, monitoring of recipients' financial status and appeal procedures. These rules arise out of provincial social assistance acts, regulations pursuant to these acts and policy directives set out by administrators.

Even though the rules spell out the procedures to be followed, these rules also allow for countless exceptions to be made at the discretion of a welfare worker, supervisor or administrator depending upon the situation. Administrative discretion means that the rules can be modified to permit a judgment regarding the particular circumstances of the case. The implications of administrative discretion are discussed more fully below.

Eligibility for social assistance is first determined on the basis of categorical definitions outlined in the provincial rules. In the case of persons who are disabled, most provinces require that applicants have a physical or mental disability that severely impedes their ability to engage actively in paid employment. Medical certification as to the nature and degree of the disability is generally required.

Of particular importance to persons who are intellectually impaired is the fact that all jurisdictions except Manitoba make special provision for the payment of social assistance to a trustee. In general, the rules state that an administrator may determine whether applicants are incapable, by reason of infirmity, illness, negligence or other cause, of managing their financial affairs. In this case, the administra-

tor may direct that the assistance be paid to a trustee on behalf of a recipient.

If applicants are eligible for welfare in a "categorical" sense (in this case, because of disability), they must then qualify on the basis of the value of their liquid and fixed assets. That is, they cannot have cash, bonds, stocks, other securities or immovable objects whose value exceeds certain amounts set out in provincial rules.

The amount of cash that applicants are allowed to have and still qualify for assistance is set out in "liquid asset exemption guidelines." Individuals with money or other liquid assets over and above these amounts would not qualify for social assistance unless the value of their assets was reduced to the allowable level.

The Canada Assistance Plan Guidelines set out the maximum exemptions permitted for cost-sharing purposes. The Guidelines recognize provincial asset regulations that:

- exempt up to $2,500 for a single person and up to $3,000 when the applicant is aged or disabled
- exempt up to $5,000 for a person with one dependent (spouse or child) and $5,500 when the applicant and/or spouse is aged or disabled
- exempt an extra $500 for the second and each additional dependent
- exempt an additional amount where this has been placed in a special fund or trust for purposes that the province considers to be socially important such as education of a child declared dependent at the time of application or purchase of equipment to overcome a disabling condition.

The allowable liquid asset exemption levels for a single person who is disabled are outlined in Table 1.

Senior provincial officials have the authority to waive asset exemption regulations for applicants who have extraordinary circumstances. Provincial exemptions vary but do not exceed these maximum amounts. Provinces may establish different levels of exemption for different types of recipient (e.g., employable and unemployable recipients).

The Guidelines mean that in the case of a single person who is disabled, the federal government will share in the cost of assistance if that individual has no more than $3,000 or an additional amount (determined by the province) in a special trust fund for purposes that the province deems to be socially important.

Each jurisdiction also has a set of rules pertaining to the allowable levels of fixed assets. All provinces exempt a house if it is used as a primary place of residence and not as a source of income (in Quebec, benefits are reduced if the value of the residence exceeds $50,000). Also considered as necessities are furniture, clothing and household appliances; these are not expected to be converted into cash to provide for basic needs.

Farm equipment and the tools required for carrying on a business or trade are also generally exempt. Most jurisdictions do not consider a car as an asset although certain provinces, such as Quebec, exempt the value of a vehicle only up to a specified amount.

TABLE 1

LIQUID ASSETS

Single Person who is Disabled (1988)

Newfoundland	$ 3,000
Prince Edward Island	900
Nova Scotia	3,000
New Brunswick	1,000
Quebec	1,500
Ontario	3,000
Manitoba	400
Saskatchewan	1,500
Alberta	1,500 (none for AISH[1])
British Columbia	2,500
Yukon	1,500
Northwest Territories	discretionary

1. Alberta Income for the Severely Handicapped.

If applicants qualify on the basis of their liquid and fixed assets, their need for financial assistance is then determined according to a

"needs test." The needs test consists of three basic steps. First, applicants' requirements for basic living needs are identified. "Basic" needs include food, clothing, shelter, utilities, and household and personal allowances. Maximum dollar amounts, which vary by province, are assigned to each of these items and are added to obtain total basic needs.

The second step is a determination of the resources available to applicants to meet their basic needs. Income from sources such as government allowances, public and private pensions, and paid employment is taken into account. Some transfer payments, such as the federal Child Tax Credit, are exempt from calculation as income.

Finally, the difference between total resources and total basic needs is calculated. A negative remainder indicates that there is a "budget deficit." It is on the basis of the budget deficit that applicants are considered eligible for welfare. The rates of assistance are then determined. These vary by the age of the recipients in the family unit, the size of the family, the degree of employability of the "family head," and the size and type of accommodation.

The provinces of New Brunswick, Ontario, Alberta and British Columbia have special programs of income support for individuals who are disabled. In Alberta, in particular, eligibility for social assistance for those who are severely disabled is determined on the basis of an income test rather than a needs test. In contrast to a needs test, which takes into account resources in relation to living needs, an income test looks at the amount of income available to the applicant. Benefits are provided on a "sliding scale" to persons whose income falls below certain levels; as income rises, the amount of assistance decreases.

Those persons who qualify for assistance, either on the basis of a needs test (or income test for severe disability in Alberta), receive monthly social assistance payments. Methods of calculating the amount of entitlement vary by province. In general, benefits consist of two components: a sum that is designated for basic needs as described above and an amount for special needs determined on a case by case basis. Social assistance recipients are also eligible for a range of benefits "in kind." Depending upon the jurisdiction, these may include dental services, prescription drugs, eyeglasses, technical aids and prosthetic/orthotic equipment, child care subsidies and public housing.

Welfare recipients are allowed to work; in fact, if they are considered by the administration to be employable, they are not only

encouraged but are usually required to look for a job. Individuals who are disabled generally do not have to seek employment as a condition of continued eligibility although they may be expected to participate in some form of vocational rehabilitation or training program.

Recipients who earn income from outside sources are allowed to keep only a percentage of that income; the remainder is deducted from their welfare entitlement. The rules that prescribe the amount that may be retained from outside earnings are referred to as the "earnings exemption guidelines" or the portion of earnings exempt from consideration as part of recipients" resources. As indicated, some provinces do not allow an exemption on earnings in the initial determination of eligibility — i.e., the calculation of the budget deficit.

The earnings exemption guidelines vary by province and may also differ within provinces according to recipients' level of employability. The earnings exemption levels for a single person who is disabled are outlined in Table 2. The exemption is calculated on the basis of net or gross income depending upon the jurisdiction. The guidelines are often considered to be disincentives to work because the reduction in benefits means that recipients are "taxed" on their earnings by the welfare department. This reduction is referred to as the "tax-back" rate or the amount by which a benefit is reduced if an individual has an outside source of income. The tax-back rate is different from the tax rate; the latter refers to the rate at which total income from all sources is taxed by Revenue Canada.

At the same time, however, the guidelines have been viewed as incentives in that they encourage recipients to earn income over and above what they would receive from social assistance alone. Whether these guidelines are incentives or disincentives cannot really be determined out of context; the answer depends upon the percentage of the exemption or the amount that individuals can actually keep.

Finally, it should be noted that every jurisdiction has an appeal procedure that allows recipients to question the decisions concerning their particular case. The structure and organization of these procedures differ throughout the country. Most provinces have a two-tier arrangement that involves a review by a local administrator or committee and a higher level, more formal system of appeal. Some jurisdictions, such as New Brunswick and Saskatchewan, have a three-tier

appeal system. In the latter province, cases may be reviewed by a district director, a local appeal committee and a provincial appeal board, if required.

TABLE 2

Monthly Earnings Exemptions for Single Person who is Disabled, 1988

Newfoundland	$ 95
Prince Edward Island	50 (80 workshop)
Nova Scotia	100 (plus 25% gross wages)
New Brunswick	50
Quebec	50
Ontario	175[1]
Manitoba	50[2]
Saskatchewan	150
Alberta	165[3]
British Columbia	50[4]
Yukon	25
Northwest Territories	50

1. *Single Family Benefits recipients may earn up to $75.00 a month. If they are disabled, they are eligible for a flat-rate work expenses allowance of $50.00. In addition, 50 percent of the next $100.00 earned may also be retained.*
2. *The greater of $50 per month, $.70 for each hour worked or 30 percent of gross monthly earnings is allowed.*
3. *For recipients of the Alberta Income for the Severely Handicapped program only.*
4. *Recipients who are considered employable, even though they are disabled, may keep more than the amount indicated here.*

A number of problems have been identified with respect to welfare appeal procedures. While these problems will not be described here, they include concerns regarding the composition of the appeal boards, the questionable competence of the appeal board members, the bases (legal, economic, social) upon which decisions are made and the

recording of appeal board judgments.[5]

In the Appendix, the welfare system in each of the twelve jurisdictions is described in relation to five major features of this program of income support: eligibility, liquid asset exemption guidelines, rates of assistance, special assistance and earnings exemption guidelines.

Analysis

Interviews with welfare recipients throughout the country revealed problems with all the major components of the welfare system. The difficulties experienced with respect to each of these components are described below. Concerns about the discretionary nature of the welfare system should first be noted.

The preceding section pointed out that the welfare system in every jurisdiction is governed by complex and extensive sets of rules. While these rules spell out the procedures to be followed, they also allow countless exceptions to be made at the discretion of a welfare worker or administrator. Administrative discretion is a two-edged sword. On the one hand, it has a negative connotation. It implies that there is an inherent unfairness within the system — that individuals in a similar situation may be treated differently. The existence of discretion gives rise to questions concerning when and how the rules are "bent."

Does the applicant or recipient have to be aware of the fact that an exception can be made in order to benefit from the discretionary provisions? In this case, would only those individuals who know the rules receive a "special privilege" that an individual in a comparable set of circumstances would not? To what extent does administrative discretion allow the system to be responsive to the "squeaky wheel" and to leave aside those who are less knowledgeable or less assertive? Permitting exceptions to be made invariably results in inequities.

At the same time, however, administrative discretion has many positive aspects. It allows for the accommodation of special situations. In Ontario, for example, the director of the Income Maintenance Branch has discretion under the Family Benefits Act Regulations to allow a recipient 10 percent more in liquid assets than the guidelines allow.[6] Additional liquid assets are permitted if they are to be used to purchase an article considered by the director to be necessary for the individual's well-being. In this case, the discretion works in the applicant's or recipient's favour.

Administrative discretion itself is neither inherently good nor bad. It can be positive or negative depending upon the judgments that are made. Yet there have been calls to reduce the discretion allowed in current welfare systems; it is felt that such a reduction will ensure more fair and equitable practice.[7] Discretion can be controlled by decreasing the number and scope of discretionary powers, ensuring peer and/or supervisory review of individual judgments and informing applicants and recipients of their rights and entitlements.

Many proposals for income security reform have as major goals the minimization of discretion and the simplification of welfare into a system that is less administratively complex and "intrusive." However, the process of "objectifying" and streamlining the current system has inherent weaknesses; these are discussed more fully in the section on "Policy Options."

Eligibility Criteria

Respondents expressed several concerns regarding current eligibility criteria. First, to qualify for assistance, persons who are disabled must be designated as unemployable over an extended period of time or as permanently unemployable. These terms themselves are objectionable primarily because they label people in a way that virtually denies that they may have any potential. The limited expectations become self-fulfilling prophecies; recipients not expected to be capable of accomplishing certain tasks are given neither the support nor the encouragement to do so.

While not all provinces use the term "permanently unemployable," even the limited use of this designation locates the problem within the individual rather than within the system. It implies that the inability to work is a result of some personal shortcoming. The fact is, however, that all persons have a capacity to carry out some activity and are therefore potentially employable. They are rendered unemployable by the work-related barriers they face: narrow conceptions about work and how it can be performed; negative attitudes on the part of employers; lack of access to technical aids and devices or attendant care services; lack of special transportation if required; physical inaccessibility of many workplaces; hiring policies and procedures.

The eligibility criteria in the welfare system place persons who are disabled in a "Catch-22" situation. On the one hand, it is to their

advantage, given present arrangements, to be classified as "long-term unemployables." They receive higher benefits and have access to a broader range of special assistance items and services. Their entitlement is more secure and they are subject to fewer administrative reviews. At the same time, however, their classification virtually ties them to the welfare system because they are deemed to have no work potential. While they may be marginally better off than the "employable" recipient, a life consigned to the welfare system is not much consolation.

The expectation of permanent unemployability results in a "fait accompli" mentality. Most provinces do not promote what recipients consider to be "real" employment-related activity for those designated as permanently unable to work. Employment efforts are directed primarily at the "employable" case load.

It is not being suggested here that "work for welfare" is a solution to this problem. Rather, more attention should be paid to promoting the full employment of all Canadians and providing the financial and technical supports that enhance the capacity of persons who are disabled to seek and maintain employment in the paid labour market. Social assistance should help by paying the outstanding deficit between needs and earned income.

The rules in all jurisdictions require ongoing case load review. This means that recipients must continually establish their entitlement to financial assistance. Some provinces, such as Manitoba, employ a computerized eligibility review for recipients of long-term benefits only. Because their needs have been established, these recipients are not required to produce a medical certificate every year. Rather, they must fill in an annual review report form indicating whether there have been any changes with respect to outside sources of income.

In Quebec, by contrast, a medical form must be completed on an annual basis. Individuals who are severely disabled and unlikely to "recover" from their condition resent this administrative burden, which they feel is both unnecessary and intrusive; the costs incurred for this procedure could be better spent on direct assistance.

Finally, there is a problem regarding the re-establishment of eligibility for "long-term" recipients who actually find a job. If the work lasts for a limited time only, there is a waiting period in some

jurisdictions before entitlement to the long-term (higher) rates of assistance takes effect. Many persons who are disabled are discouraged from seeking employment for fear of possible difficulties in re-applying for welfare if necessary. If they knew their entitlement (both in terms of eligibility and higher rates) would be protected, there would be greater motivation to leave the "security" of the "safety net."

There is currently a major federal/provincial effort to promote the employability of welfare recipients. The strategy is referred to as the "four corner" agreement because it involves the federal departments of Health and Welfare and Employment and Immigration as well as their provincial counterparts. One of the important features of the strategy is a "guaranteed" return to social assistance if the job does not work out. Because the strategy is directed primarily at those recipients considered to be employable, it does not specifically target persons with a disability who would also benefit from this assurance of security. It should be noted that the province of Manitoba, in particular, has designated some of these funds toward promoting the employability of individuals who are disabled and sole-support parents — in short, toward recipients traditionally designated as unemployable.

The "Description" section pointed out that most jurisdictions determine eligibility for welfare on the basis of a needs test. The province of Alberta employs an income test and this is used only for the AISH (Assured Income for the Severely Handicapped) Program. The distinction between a needs test and an income test is critical. Because needs-tested programs involve the calculation of budgetary requirements, they are much more "intrusive" and more complex to administer than income tests.

Several key informants felt that individuals who are disabled should not have to demonstrate "need." They should be considered eligible for assistance by virtue of their disability, which is usually associated with higher living costs.

Many respondents drew an analogy to the old age security system (discussed in a later section). They pointed out that senior citizens have a "guaranteed" income (the Old Age Security benefit) because of the fact that they are elderly. Those who require additional assistance are provided financial support in the form of a Guaranteed Income Supplement, available only to pensioners whose income falls below a certain level. That is, they must qualify for this additional

assistance on the basis of an income test.

The major weakness of the income test, however, is that individuals whose incomes are at or slightly higher than the cut-off point (the point at which benefits end) would not qualify for assistance. Yet they may have very costly special needs for which they must make large payments. These needs are not taken into consideration when eligibility for income-tested programs is determined.

A final concern regarding eligibility pertains to the provisions regarding trusteeship. As previously indicated, welfare administrators have the authority to determine the competence of the potential recipient and, where necessary, to name a trustee to receive funds on behalf of that person. There are many unanswered questions around these provisions. For example, what criteria are employed to judge competence? What safeguards are built into the system to ensure that the trustee is acting in the recipient's "best interest"?

The rules with respect to monitoring of the trusteeship vary by province. Family Benefits Regulations in Nova Scotia, for example, require trustees to submit information about the administration of social assistance funds at the request of the director. In Quebec, the Minister may ask trustees to submit an account of the expenditures incurred on the recipient's behalf. Saskatchewan and the Yukon are more explicit in their accountability provisions. They require a statement from the trustee at least once a year. British Columbia requests statements indicating income and assets received on behalf of recipients. In the Northwest Territories, trustees must report at intervals of not longer than three months.

In short, the rules with respect to determining the need for a trustee and monitoring of the trusteeship appear to be somewhat informal. There is a need for closer scrutiny of policies and practices in this area to safeguard recipients' rights. This protection is particularly important for individuals who have an intellectual impairment; they are the ones most likely to be designated as incapable of managing their financial affairs.

Liquid Asset Exemption Guidelines

Respondents identified adequacy and equity problems in relation to the liquid asset exemption guidelines. Several respondents expressed concern about the fact that the welfare rules require applicants to be in

a state of poverty before they can receive any form of income assistance. Persons who are disabled, in particular, object to these stringent asset guidelines because they must incur higher than normal costs as a result of their disability. They may have to pay for special aids and devices, residential modification, made-to-measure clothing, special transportation or assistance with daily living tasks. They require extra funds simply to survive.

It is unfortunate that the rules do not allow persons who are disabled to retain more of their personal funds. In this way, they could have their own "safety net" on which to draw for special needs or emergency purposes. These individuals are basically discouraged from contributing to their own support. The requirement that they must liquidate practically all of their assets makes them economically insecure and very worried about their continuing ability to pay for the goods and services that are essential to daily living. Liquid asset exemption guidelines for these persons, in particular, should be more generous to take into account the extra, unavoidable costs arising from a disabling condition.

Another problem with respect to the guidelines pertains to equity. The exemptions vary widely among jurisdictions. For example, individuals in Manitoba, Alberta and Nova Scotia cannot have liquid assets worth more than $400, $1,500 and $3,000, respectively. While part of the variation reflects differing economic conditions, the disparity in these amounts cannot be totally accounted for in this way. There is a need for more reasonable and equitable practice throughout the country.

The definition of "liquid asset" also varies widely. Most jurisdictions consider cash, bonds and stocks to be liquid assets. However, there are differences in relation to the treatment of certain items, such as the cash surrender value of life insurance. In Newfoundland, Nova Scotia and Ontario, the cash surrender value of such a policy is not treated as a liquid asset. By contrast, the cash surrender value of life insurance up to $1,000, $2,000 and $2,500 is exempt in New Brunswick, Manitoba and Quebec, respectively. This variability means that the families of recipients in certain provinces are afforded greater financial security than those in other parts of the country.

The treatment of trust funds is another contentious issue. It was previously pointed out that the Canada Assistance Plan Guidelines

will allow the exemption of an amount that has been placed in trust. The money must be designated for purposes that the province considers to be socially important such as education of a child or purchase of equipment to overcome disability.

In a recent Ontario case, the father of a woman with an intellectual impairment wanted to ensure her health and well-being after his death.[8] To protect her future interests, he established an "absolute discretionary" trust. Under the provisions of such an arrangement, trustees are given complete control over the funds. Potential beneficiaries cannot receive any money from the trust for general living purposes. The funds can be used, however, for special needs such as education, training, retirement or emergency situations.

The Ontario Ministry of Community and Social Services cancelled the woman's FBA benefits, claiming that the amount of money in the estate exceeded the allowable maximum liquid asset exemption of $3,000. The recipient appealed the decision to the Social Assistance Review Board on the grounds that the monies held in the absolute discretionary trust were not available to her as a liquid asset. The Board agreed with this interpretation.

The Ministry appealed the decision to the Divisional Court of the Supreme Court of Ontario, which also ruled in favour of the appellant. The Ministry applied and received the right to appeal the decision of the Divisional Court. The case will be heard in the Ontario Court of Appeal; the judgment rendered will have important implications for welfare recipients throughout the country.

In another Ontario case, the father of an individual with an intellectual impairment created a discretionary trust fund with provisions almost identical to those established in the previous case.[9] This time, however, the Social Assistance Review Board reversed its earlier decision. It determined that the appellant was not eligible for Family Benefits because his interest in his father's estate constituted a liquid asset. Entitlement has been refused pending final ruling on the previous case.

The "private troubles" of these individuals are illustrative of larger public issues. First, the cases exemplify the difficulties involved in interpreting complex rules in a fair and consistent fashion. The Social Assistance Review Board rendered two different judgments on what was essentially the same case.

It is impossible to know how many individuals throughout the country have been refused benefits on this basis or how many have had their benefits cancelled because the welfare department suddenly decided to consider their funds held in trust to be liquid assets. The lack of clarity with respect to this component of the liquid asset exemption guidelines means that there are likely to be serious inequities throughout the country in the treatment of individuals in similar situations.

A second problem is that the rules in most provinces make it difficult, if not impossible, for parents to help dependents who are disabled live as independent adults with some form of economic security. Families with a member who is disabled are generally discouraged from contributing money that will marginally improve their dependent's circumstances. Any assistance they provide in the form of funds will jeopardize the individual's entitlement to welfare benefits.

This leaves parents in an untenable position. On the one hand, they do not want to interfere with what will probably be the dependent's only form of income security after their death. At the same time, they want to provide some minimal comforts or opportunities to help that person subsist beyond poverty line standards. If they leave assets in a will, this act may disqualify their child from eligibility for social assistance. If they leave nothing so as to protect entitlement to welfare benefits, they are also ensuring that their child will live in poverty.

In some provinces, one of the only options for families wanting to help a dependent who is disabled is to purchase small items such as clothing or buy a large item such as a house! Parents who purchase a house for their dependent with a disability have, in certain jurisdictions, legally circumvented the rules. They have converted their liquid assets, which may disqualify an applicant from social assistance entitlement, into fixed assets, which are permitted under the rules. Only those families with substantial amounts of money, however, can afford to purchase a residence.

Ironically, the result is that individuals from families with substantial means are likely to qualify for welfare. Applicants from modest backgrounds who may have some money but not enough for the purchase of a home would not be eligible for social assistance if they had access to these funds in the form of a liquid asset. Families that can afford to take advantage of the loopholes in the rules benefit from the welfare system. Applicants who cannot "play the game" in this way

derive no benefits even though they are likely to be in greater need of assistance than individuals from more affluent means.

Rates of Assistance

There are several ways to assess the adequacy of social assistance rates. Adequacy is generally determined in relation to some standard or benchmark.

One measure that has been employed in assessing whether benefits are sufficient to pay for basic living costs is the adequate budget approach. It relies on the Guides for Family Budgeting, a set of standards that identify the components of an adequate budget based on needs for food, clothing, housing, transportation and other items.[10]

For example, Table 3 provides a summary of the estimated costs of food per person by household size in 1987. It shows that a single man and a single woman engaged in light activity are estimated to have monthly food costs of $180.45 and $128.98, respectively. Table 4 is a summary of the estimated costs for other items such as clothing, personal care and transportation.

The difficulty in using these figures as the standard with which to compare social assistance is that they are based on the cost of living in Metropolitan Toronto. These costs may not be at all comparable to those in other parts of the country. They would certainly overestimate the prices of some items in the Atlantic region and would likely underestimate many of the prices in the north. For these reasons, it was considered inadvisable to use these guides as a benchmark to determine the adequacy of a set of national benefits.

A second measure that can be employed in determining adequacy is the poverty line approach. While there are several poverty lines, the one most commonly used is that developed by Statistics Canada (also referred to as the "low income cut-offs").

Individuals and families who are poor devote an above-average proportion of their income to basic necessities. The low income cut-offs are set at levels where, on average, 58.5 percent of income goes for the essentials of life.[11] Because the cost of living varies by place of residence as well as by size of family, Statistics Canada has developed thirty-five poverty lines that take these factors into account.

In Table 5, the social assistance income of persons who are disabled is measured against the poverty line. The information pre-

sented in this table must be interpreted with caution because of the difficulties inherent in producing these figures.

First, there is no standard rate of assistance for individuals who are disabled. As previously explained, the benefit that any given person receives depends upon a variety of factors including: the amounts that provinces assign for basic living needs; type of accommodation; whether supervision is required; and whether the individual is eligible for special allowances to cover the costs of attendant care, health-related needs or work-related expenses. Because each case is different, it is impossible to draw conclusions that apply to an entire population.

It is possible, however, to look at rates from a theoretical perspective by assuming that persons who are disabled have no entitlement to special needs allowances. The adequacy of the assistance provided to support *basic* living needs can then be examined. Even here, difficulties arise because a range of assistance is granted depending upon shelter costs. This analysis will therefore assume entitlement to the *maximum* amount of basic assistance.

The amounts indicated in the first column of the table do not include any assistance that may be provided for transportation, medications, clothing or any other good or service. It is virtually impossible to generalize about potential entitlement in this regard. Because of these exclusions, the figures underestimate the amount of assistance that any given individual may actually receive. At the same time, however, the rates are overestimates in that they are maximum benefits; recipients would actually be eligible for a sum up to and including the designated amount.

It should also be noted that the social assistance rates are presented as annual income for 1988. Because provinces (may) change their rates at different times throughout the year, the amounts in Table 5 were "annualized" by incorporating the change at the relevant time in the month. For example, Newfoundland introduced a 4 percent increase effective May 1, 1988. The figure in column 1 is the sum of the 1987 rates for four months and the 1988 rates for eight months. Similarly, Prince Edward Island increased its rates on July 1, 1988. The figures for that province are the total of the 1987 rates for six months and the 1988 rates for six months.

TABLE 3

Estimated Costs of Food by Household Size, 1987

Age-Sex-Activity Group	*1 Person*	*2 Person*	*3 Person*	*4 Person*	*5 Person*	*6 Person*
Child						
6-12 months	-	89.76	85.68	81.60	77.71	74.18
1-3 years	-	89.99	85.90	81.81	77.91	74.37
4-6 years	-	106.25	101.42	96.59	91.99	87.81
7-9 years	-	125.46	119.75	114.05	108.62	103.68
10-12 years	-	146.48	139.82	133.16	126.82	115.29
Boy						
13-15 years	-	172.22	164.39	156.56	149.10	142.33
16-19 years	-	193.15	184.37	175.59	167.23	159.63
Girl						
13-15 years	-	151.68	144.78	137.89	131.32	125.25
16-19 years	-	144.67	138.10	131.52	125.26	119.56
Man (under 65 years)						
A-light activity	163.91	144.24	137.69	131.13	124.89	119.21
B-moderate activity	185.53	163.26	155.84	148.42	141.35	134.93
C-heavy activity	217.38	191.29	182.60	173.90	165.62	158.09

Woman (under 65 years)						
A-light activity	143.38	126.17	120.44	114.70	109.24	104.27
B-moderate activity	156.33	137.57	131.31	125.06	119.10	113.69
C-heavy activity	178.80	157.34	150.19	143.04	136.23	130.04
Pregnancy, 3rd trimester	189.43	166.69	159.12	151.54	144.32	137.76
Lactating	220.40	193.95	185.14	176.42	167.92	160.29
65 years & Over, All food at home						
Man						
A-light activity	135.68	135.68	-	-	-	-
B-moderate activity	172.38	172.38	-	-	-	-
Woman						
A-light activity	96.98	96.98	-	-	-	-
B-moderate activity	118.08	118.08	-	-	-	-
Food at Home & Away						
Man						
A-light activity	180.45	180.45	-	-	-	-
B-moderate activity	229.27	229.27	-	-	-	-
Woman						
A-light activity	128.98	128.98	-	-	-	-
B-moderate activity	157.05	157.05	-	-	-	-

Source: Social Planning Council of Metropolitan Toronto. *Guides for Family Budgeting 1987.* Toronto; 1987, p.14.

TABLE 4

Estimated Non-Food Costs by Household Size, 1987

Household Type:		Clothing	Personal Care	Reading, Recreation Gifts and Communication	Public Transit	Alcohol and Tobacco	Life Insurance and Contingency Fund[1]	TOTAL
				Two Parent Families				
				Head				
Man	blue collar	51.39	15.48	122.12	44.28	49.69	30.00	312.96
	white collar	56.76	15.48	122.12	44.28	49.69	30.00	318.33
				Spouse				
Woman	employed	64.33	24.17	41.54	44.28	49.69	-	224.01
	homemaker	48.07	23.52	41.54	13.47	49.69	-	176.29
				One Parent Families				
Woman	employed	64.33	24.17	134.74	59.07	49.69	30.00	362.00
	homemaker	48.07	23.52	134.74	35.57	49.69	30.00	321.59

Man	blue collar	51.39	15.48	134.74	59.07	49.69	30.00	340.37
	white collar	56.76	15.48	134.74	59.07	49.69	30.00	345.74
				Single Adult (non-elderly)				
Man	blue collar	51.39	15.48	108.81	44.28	49.69	30.00	299.65
	white collar	56.76	15.48	108.81	44.28	49.69	30.00	305.02
Woman	employed	64.33	24.17	108.81	44.28	49.69	30.00	321.28
				Elderly Persons				
Couple		64.97	55.51	208.96	64.84	68.09	-	462.37
Man	alone	31.30	15.48	152.42	46.75	34.05	-	280.00
Woman	alone	33.67	40.03	152.42	46.75	34.05	-	306.92

1 This figure varies depending on income, expenses and savings.

Source: Social Planning Council of Metropolitan Toronto. *Guides for Family Budgeting, 1987.* Toronto, 1987, p.16.

TABLE 5

Estimated Welfare Income for a Single Person (Disabled), By Province, 1988

	Social Assistance	Special Assistance	Federal Sales Tax Credit	Prov. Tax Credits	Total Annual Income	Average Monthly Income	Poverty Line	Poverty Gap	Income as % of Poverty Line
Newfoundland	5836[1]	1500[2]	50	-	7386	615.50	10984	-3598	67.2
PEI	6568[3]	480[4]	50	-	7098	591.50	9526	-2428	74.5
Nova Scotia	7586[5]	-	50	-	7636	636.33	10984	-3348	69.5
New Brunswick	5356[6]	-	50	150[7]	5556	463.00	10984	-5428	50.6
Quebec	5964	-	50	490[8]	6504	542.00	11564	-5060	56.2
Ontario	8316[9]	-	50	349[10]	8715	726.25	11564	-2849	75.4
Manitoba	5537	150[11]	50	809[12]	6546	545.50	11564	-5018	56.6
Saskatchewan	7020[13]	300[14]	50	-	7370	614.17	10984	-3614	67.1
Alberta	8640[15]	-	50	-	8690	724.17	11564	-2874	75.1
British Columbia	6996	-	50	-	7046	587.17	11564	-4518	60.9
Yukon[16]	5964	516[17]	50	-	6530	544.17	-	-	-
Northwest Territories[18]	-	125[19]	50	-	-	-	-	-	-

1. *A rate increase which took effect May 1, 1988 was incorporated into these calculations. The monthly maximum for basic costs increased from $342 for the first four months of the year to $356 for the last eight months. The rental allowance stayed the same at $135 a month.*
2. *Recipients who are disabled and who require supports for independent living are eligible for a flat-rate allowance of $125 a month.*
3. *A four percent increase which took effect July 1, 1988 was incorporated into these calculations.*
4. *This is the $40 a month disabled care allowance.*
5. *Rate increases which took effect June 1, 1988 were incorporated into these calculations. For the first five months of the year, shelter, transportation and basic personal allowances were $459, $16 and $149, respectively. These increased to $469, $17 and $152, respectively for*

the last seven months of 1988.

6. *The social assistance rate was calculated by using the rate of $441 from January to August 1988, and $457 for September to December 1988.*
7. *This is the Assistance for Reduction of Rental Cost.*
8. *This represents the maximum Real Estate Tax Refund of $370 plus $120 to which welfare recipients are entitled as a supplement.*
9. *The social assistance rate indicated here incorporates the maximum shelter subsidy of $159 per month. Recipients also get health coverage.*
10. *This represents a Property Tax Credit of $306 and a Sales Tax Credit of $42. Calculations for these credits were based on a monthly rental rate of $317.75.*
11. *An annual maximum of $150 may be provided for special needs.*
12. *This represents a Cost of Living Tax Credit of $284 and a Property Tax Credit of $525.*
13. *The maximum rental rate of $310 has been used here (although the actual average rate is $280). A monthly amount of $50 was incorporated for utilities.*
14. *This represents a special care allowance of $25 a month.*
15. *The AISH (Assured Income for the Severely Handicapped) rate of $720 a month was used to calculate social assistance income. An unemployable individual receiving regular social allowance would be entitled to only $495 a month. The amount presented here may be greater than what many individuals with a disability are actually receiving because they do not qualify for the higher AISH benefit.*
16. *Poverty line comparisons for the Yukon are not provided because the Statistics Canada low income cut-offs do not take into account the high basic costs of living north of 60.*
17. *This represents a special needs allowance for laundry and travel.*
18. *The Northwest Territories have not been included in this table because it was not possible to obtain average cost estimates for shelter rates in Yellowknife.*
19. *This is the monthly disability allowance.*

TABLE 6

Estimated Welfare Income for a Single Person (Disabled), Including Earnings Exemptions, By Province, 1988

	Social Assist-ance	*Special Assist-ance*	*Federal Sales Tax Credit*	*Prov. Tax Credits*	*Exempt Earnings*	*Total Annual Income*	*Average Monthly Income*	*Poverty Line*	*Poverty Gap*	*Income as % of Poverty Line*
Newfoundland	5836	1500	50	-	1140	8526	710.50	10984	-2458	77.6
PEI	6568	480	50	-	600	7698	641.50	9526	-1828	80.8
Nova Scotia	7586	-	50	-	1200[1]	8836	736.33	10984	-2148	80.4
New Brunswick	5356	-	50	150	1800[2]	7356	613.00	10984	-3628	70.0
Quebec	5964	-	50	490	600	7104	592.00	11564	-4460	61.4
Ontario	8316	-	50	349	2100[3]	10815	901.25	11564	-749	93.5
Manitoba	5537	150	50	809	600[4]	7146	595.50	11564	-4418	61.8
Saskatchewan	7020	300	50	-	1800	9170	764.17	10984	-1814	83.5
Alberta	8640	-	50	-	1980	10670	889.17	11564	-894	92.3
British Columbia	6996	-	50	-	600	7646	637.17	11564	-3918	66.1
Yukon	5964	516	50	-	300	6830	569.17	-	-	-
Northwest Territories	-	125	50	-	600	-	-	-	-	-

1. *This amount may be higher because a single recipient who is disabled may also retain 25 percent of gross wages over and above the standard $100 a month. Total income would also be greater than the amount indicated here.*
2. *The enhanced earnings exemptions are not included because these are intended for recipients with very high employment potential.*
3. *The exemption employed here did not incorporate the $40 work expenses exemption which requires receipts.*
4. *This amount may be higher because a single recipient designated as a Work Incentive Program Participant may keep the greater of $50 per month, $.70 per hour worked or 30 percent of gross monthly earnings. the exemption indicated was calculated on the basis of $50 per month.*

The rates presented in Table 5 are for the largest city in each province. A total is not provided for the Northwest Territories because it pays actual shelter costs; no maximum amount could be calculated to make the data comparable with the estimates in the other provinces.

For the purposes of these calculations, recipients were presumed to have no income other than social assistance, the federal sales tax credit and provincial tax credits where appropriate. Second, it is assumed that these persons are living on their own in rental accommodation. This assumption certainly does not represent the "universe" of recipients who are disabled. Many individuals with an intellectual impairment, in particular, require some form of supervised care. It was not feasible, however, to build in a set amount for supervised care as this would vary greatly by individual.

The second column indicates the lump sum payments that are generally (although not necessarily) made to individuals who are disabled (e.g., the monthly $125 flat-rate disability benefit in Newfoundland). It does not incorporate any of the special allowances that are provided for medical or work-related needs; these were outlined in the provincial descriptions under "special assistance." Even though these allowances increase income, it is not certain that any given individual would actually receive them (except in Newfoundland where a person who is disabled and has no income automatically receives the flat-rate allowance). Neither do the rates take into account the fact that recipients may be eligible for benefits in kind, such as public housing or dental services, which may substantially lower their living costs.

All recipients are eligible for the federal sales tax credit indicated in column 3. (The value of this credit has been entered as $50 because this is the amount individuals would receive in 1988. The higher rate of $70, which will take effect in the 1988 taxation year, will only actually be received by Canadians in 1989 after they file their tax return.) Because this is a refundable credit, it is paid even to Canadians who are too poor to pay taxes.

The fourth column indicates the provincial tax credits to which recipients would be entitled in 1988. These include Rental Assistance for the Elderly and the Disabled in New Brunswick, the Real Estate Refund in Quebec, the Property and Sales Tax Credits in Ontario, and the Property and Cost of Living Tax Credits in Manitoba.

Total annual income for 1988 is presented in the fifth column; it is the sum of the amounts in the four previous columns. Average monthly income is presented in column 6. The figures shown would not correspond to actual monthly income because the federal sales tax credit and other provincial tax credits are paid as lump sums. Yet the amounts provide some indication as to the income that would be available within any given month to recipients who are disabled.

The poverty line in column seven is the low income cut-off for a single person for the largest city in each province. The poverty gap (column eight) is the difference between total annual income and the poverty line. The final column indicates the percentage of the poverty line represented by that income.

It can be seen that even with maximum rates of basic assistance and with the inclusion of federal and relevant provincial tax credits, the annual income of social assistance recipients who are disabled falls below poverty line standards. In no province do rates even match the low income cut-offs, ranging from only 51 percent to 75 percent of the poverty line.[12]

Table 6 is a variation of Table 5. The first four columns are identical to the previous table. The difference is the addition of a new column 5, which incorporates the maximum amount of income that a recipient who is disabled is allowed to earn without incurring a loss in welfare benefits.

Not all welfare recipients are able to earn outside income; they do not enjoy the benefit of this exemption. Yet the inclusion of this amount provides an indication of what, in theory, total income might be with earnings-related capacity taken into consideration. The final column shows that while this extra income helps narrow the poverty gap, there is still a substantial distance between total income and the low income cut-offs.

It should be noted that this table does not include amounts that may be provided by provinces to assist with work-related expenses because these are discretionary allowances (the automatic work-related exemptions have been incorporated in the Ontario rates).

One of the most serious problems with respect to adequacy of welfare rates is that the shelter component often does not keep pace with market rental prices. Most jurisdictions pay recipients the actual rent up to certain maximum amounts. The maximum allowable levels

often fall well below market prices. Individuals who attempt to establish themselves independently within the community must either live in substandard housing or must pay the rent by using a significant portion of the assistance designated for food and other basic necessities.

One Ontario welfare recipient indicated that he was paying $350 for a basement apartment, which left him only $100 a month for food, clothing, utilities and household items. He barely had enough food, could not afford a telephone and had to walk everywhere because he had no money for bus fare.

A study of Alberta welfare recipients found that 72 percent of those surveyed did not have their basic needs covered by welfare.[13] Eighty-five percent of recipients stated that the money they received from welfare is inadequate. They have little control over their budgets because landlords and utility companies must be paid. Food and clothing (if a clothing allowance is received at all) must be traded off to pay for more "pressing" needs.

Fifty-three percent of those surveyed were paying more than the maximum amounts allowed for shelter and utilities. The average extra amount was $80 per month. Recipients had to take the money out of their food allowance, the only "discretionary" portion of their budget. Forty-eight percent of respondents had to turn to other agencies such as a food bank to feed their families.

A study of the adequacy of the housing budgets for welfare recipients was recently conducted by the Social Planning Council of Winnipeg.[14] The results confirm that housing budgets are not keeping pace with the costs of private market shelter. The study compared the annual changes in rent levels, by bedroom size, in the city of Winnipeg to the annual changes in social assistance housing budgets between 1981 and 1987.

The median rent level[15] for bachelor, one-, two- and three-bedroom units was compared to the housing budgets for one-, two-, four- and five-person units, respectively. The gap or difference between the median rent and the housing budget was calculated for 1981 to 1987. The study found that the gap between rents and housing budgets had increased during that time period and had risen more rapidly for larger families than for smaller families.

In 1981, there was a $111 gap between median rent and housing budgets for a five-person unit, a $46 gap for a four-person family, a $28

gap for a two-person family and a $10 gap for a single person. (All figures have been converted to 1987 constant dollars.) Between 1981 and 1987, the gap had increased by $60 (to $171) for the five-person unit, by $50 (to $96) for the four-person unit, by $24 (to $52) for the two-person unit and by $30 (to $40) for the single person. In short, the housing budget component of the social assistance payment provided between 1981 and 1987 fell increasingly farther behind median rents.

The proportion of all apartment units available at or below the housing budgets was also calculated. Between 1981 and 1986, there was a decline in the number of apartment units accessible to welfare recipients. While single persons had greater accessibility to the housing market than did families with children, they could afford only 28 percent of all bachelor units. A single parent with one child requiring a two-bedroom unit could afford only 4 percent of such units.

Finally, the increase in the social assistance case load in Winnipeg was compared to the change in the availability of rental units (financially) accessible to recipients. While provincial social assistance cases in Winnipeg rose steadily from 8,722 in 1981 to 10,926 in 1985/86, the number of accessible apartment units declined. Their number dropped from 13,858 in 1981 to 8,677 in 1987. The growing shortage of privately owned rental housing affordable to recipients means that many had to pay more than the amounts allocated in their welfare budget for housing. The money available for food and other necessities was correspondingly reduced.

Another major concern regarding rates of assistance has to do with the general nature of the welfare system itself. New Brunswick, Ontario, Alberta and British Columbia have special programs of income support for persons with a disability. The strengths of these programs is that they explicitly recognize that individuals who are disabled incur higher living costs. Even though the rates of assistance are still low in relation to poverty line standards, these rates are nevertheless higher than the amounts provided to long-term welfare recipients in those and the other jurisdictions.

The remaining provinces and territories recognize the extra costs associated with disability by allowing persons who are disabled to qualify for long-term (higher) rates and by granting special allowances. However, these jurisdictions do not provide a "third tier" that permits rates even higher than those allocated to other "unemployable" recipi-

ents.

A final problem with respect to rates of assistance is that welfare benefits are not necessarily nor regularly indexed in relation to changes in the cost of living. Only two provinces raise their rates of assistance on a regular basis in relation to changes in the cost of living. The province of Quebec adjusts its rates annually according to increases in the Quebec Pension Plan. Nova Scotia modifies its Family Benefits on a semi-annual basis in line with changes in the Consumer Price Index (CPI). Other provinces, such as Manitoba, review their welfare rates on an annual basis and most make increases tied to inflationary costs. However, cost-of-living increases in provinces other than Nova Scotia (for its long-term rates) and Quebec are not necessarily guaranteed.

Special Assistance

Key informants identified several problems in the area of special assistance. These include: the questionable nature of some items considered to be "special" rather than basic, the discretionary nature of special assistance and the unintended disincentive effects of providing extra allowances, goods and services.

Welfare systems throughout the country consider anything over and above the basic items required for daily living — food, clothing, shelter, utilities, and personal and household allowances — as special needs. Respondents expressed concern about the fact that even simple items that most Canadians take for granted, such as a telephone or transportation, are special needs items subject to administrative approval. Most jurisdictions provide a telephone allowance for persons who are disabled but a health-related reason is usually required.

In Alberta, for example, telephone rentals may be authorized for medical reasons or for up to three months for recipients seeking employment or training. In Prince Edward Island, an allowance may be granted to cover the cost of a telephone for reasons of safety or special situations only, and administrative approval is required. The Yukon permits a telephone for persons who are disabled if it is necessary for securing work, for emergency medical care or for other special circumstances.

The Northwest Territories has a more open interpretation of this provision, permitting a telephone allowance to be granted when

necessary for the safety, well-being or rehabilitation of the recipient. Saskatchewan covers the costs of a telephone in the utilities component of its basic social assistance; it will only provide a special allowance for this purpose for individuals who require it and do not already have a telephone.

While a telephone is not an "assistive device" in the traditional sense, it can be an aid to independent living. Having a link to the "outside world" is important for persons who are disabled (as it is for most Canadians) and is by no means extraneous to their ability to live on their own. A telephone can help individuals with a disability maintain their ties to the community, especially given the high costs and lack of accessible transportation. Yet the social need for contact with family and friends is not viewed as essential to daily living.

Similarly, allowances for transportation are provided for special purposes only — generally, employment- and health-related reasons. Nova Scotia is the one jurisdiction that incorporates a transportation allowance in the calculation of its Family Benefits.

Again, to contain spending and ensure that public monies are not spent in a frivolous fashion, departments of social assistance classify as an exceptional need something that most Canadians consider to be basic for their daily survival. Persons who are disabled often find it hard to spend time with their family or friends because they are worried about using their limited funds for transportation. Expenditure in this area invariably comes out of their food budget.

Some respondents spoke about the difficulty of establishing a residence in the community when the landlord requires a security deposit and/or prepayment of the first and last month's rent. Most simply do not have this type of cash readily available — that is the reason they are applying for social assistance. Some provinces explicitly recognize this need.

Manitoba and Saskatchewan, for example, provide a security deposit allowance for social assistance recipients. British Columbia makes available a rent and security deposit. The security deposit, however, is subject to recovery; it must be returned to the welfare department if the recipient finds a job or moves to a new apartment. Other provinces, such as Ontario and Newfoundland, also provide a recoverable tenancy deposit. The Yukon makes available a rental deposit for the last month's rent; the amount is recovered from subse-

quent social assistance payments.

Some provinces, such as Newfoundland, have no explicit commitment to grant this particular allowance although they have general provisions that permit a director to allocate a sum of money for items necessary for safety, health and well-being. There is no guarantee, however, that funds can be obtained for the purpose of a security deposit.

Several respondents indicated that their welfare workers had helped arrange their housing; the department made an agreement directly with the landlord to ensure payment of the rent. Individuals who have such support are much more fortunate than those who do not have personal assistance in seeking suitable housing. The extent to which such help is provided throughout the country is unknown; its provision is likely highly uneven, depending not only upon the particular welfare system but also upon the individual welfare worker.

Many recipients who are disabled live in unstable circumstances. They have difficulty finding adequate housing at an affordable price. If landlords raise the rents even slightly, tenants are often forced to seek other accommodation. Provincial rules vary with respect to the provision of moving allowances.

Saskatchewan grants household moving expenses when a change in residence is required; special approval is needed. Alberta provides a moving allowance for reasons of health and well-being. The province of Quebec used to make available a moving allowance of up to $200 in any twelve-month period for health or sanitary reasons; this allowance has been revoked.

The problems experienced by recipients trying to establish themselves as independent individuals in the community speak eloquently to the fact that the current systems of income support are not designed to assist the process of independent living. They are certainly not set up to promote the quality of life. In fact, some of the rules act as obstacles to helping individuals gain their independence.

Even when items of special assistance *are* available, the amounts allowed are often inadequate to cover the true costs of the good or service required. One respondent who has a severe visual impairment indicated that he received $12 from the welfare department to cover the cost of special eyeglasses. He had to take $60 from his welfare cheque to make up the difference.

The Assistive Devices Program in Ontario provides equipment for all categories of persons who are disabled up to twenty-two years of age. There is no age limit for prostheses and respiratory equipment. While the program is of great assistance to those who require aids and devices for daily living, it nevertheless imposes a severe financial burden on some of its beneficiaries. Applicants must contribute 25 percent of the costs. This is an onerous requirement especially for welfare recipients, many of whom have to seek help from charities to cover the costs or to provide them with the needed equipment.

The administrative procedures involved in gaining access to special services may be complex and, in some cases, often more costly than the item itself. In Alberta, for example, medical approval is required before prosthetic or orthotic equipment is provided even in cases where the need is readily apparent. This places an unnecessary burden on the medical system and on public tax dollars, especially when the need is obvious (e.g., a child has outgrown a pair of orthopedic shoes and a new pair is required).

In British Columbia, a welfare recipient who needs more dental care than a simple filling has to obtain administrative approval for the expenditure from the provincial head office of the welfare department. A dentist has to complete a form outlining the estimated costs. Several respondents indicated that often only 50 percent of the expenditure is approved. Unless the individual is persistent or has an articulate advocate, the process usually stops right there. The required dental work is never carried out.

Perhaps the most important and problematic aspect of special assistance is the fact that entitlement to some goods and services is dependent upon eligibility for welfare. Individuals whose financial circumstances change (e.g., they may find a job; they may receive income from a private source such as a will; they may be transferred to another form of income support such as Old Age Security), may no longer have a budget deficit.

In theory, this is a positive change. It means that recipients' income has increased to the point where their needs no longer exceed their resources. They are more financially secure. At the same time, however, the lack of budget deficit means that they may not qualify for special assistance such as free prescription drugs. While their increased resources may move them beyond a budget deficit, these extra

funds would in no way cover the hundreds or thousands of dollars they may have to pay for items of special need.

The director of a local branch of the Canadian Association for Community Living reported that he was interested in hiring an individual with an intellectual impairment who had done excellent work on a voluntary basis. While this prospective employee would earn only the minimum wage, she would still receive a salary higher than her welfare benefits.

As a result of her disability, however, she required medications costing thousands of dollars on a yearly basis. She could not afford to pay for these on a minimum wage salary. While her welfare benefits were lower than minimum wage, they nevertheless made her eligible for free prescriptions. She indirectly received thousands of dollars of income "in kind." The Ontario Association for Community Living points out that "while the value of health-related benefits are "free" to Family Benefits recipients, these benefits do have value when they are lost and must be purchased or replaced. The typical minimum wage employer does not provide these benefits at all."[16]

Some provinces will grant additional aid to working poor individuals or families if they qualify on the basis of a budget deficit. The rules in Ontario, in particular, are somewhat complex. Recipients of some form of government assistance, such as Family Benefits, may apply for "supplementary assistance." Others in need of financial help must apply for "special assistance."

Both supplementary and special assistance are available at the discretion of individual municipalities. Each municipality decides whether it will provide those forms of assistance and, if so, in what amounts. Even if applicants or recipients are theoretically eligible for supplementary or special assistance on the basis of a budget deficit, they may not receive additional aid if they live in a municipality that has decided not to make available one or both types of additional financial support.

A curious funding arrangement should also be noted. Municipalities that provide supplementary assistance will be reimbursed by the Ontario provincial government for 80 percent of the expenditure on this program. The province, in turn, receives 50 percent of the costs from the federal government under the terms of the Canada Assistance Plan.

Ontario does *not,* however, share in the costs of special assis-

tance. Municipalities must contribute 50 percent while the federal government pays the other 50 percent. This funding arrangement acts as a built-in disincentive for some municipalities to provide the latter form of assistance that is basically of benefit to working poor individuals — i.e., persons who are not beneficiaries of an income support program. This discourages many individuals who are disabled from seeking employment; their "at or near" minimum wage salaries would in no way cover the costs of their special needs, if these are not met through the Work Incentive Program or under the Vocational Rehabilitation of Disabled Persons Act.

In short, there is concern about the fact that the social assistance rules "lock" recipients into this program of income support. Persons who are disabled, in particular, cannot live without items of special assistance that the welfare system provides. Any improvement in their financial circumstances through employment, inheritance or other source means that many would risk their security and possibly even their lives if they did not have access to special supports and services.

The notable exception in this regard is the WIN Program in Ontario that is designed to assist Family Benefits and GAINS-D recipients who wish to return to work on a full-time basis. The program provides a monthly benefit as a supplement to private earnings as well as other benefits in kind for a period of up to two years for single parents, although this time limitation is extended where required. There is no time limit for persons who are disabled.

The maximum income supplement ranges from $145 to $275 a month depending upon the size of the family and level of private earnings. The benefit is reduced by $.50 for every $1 of outside income exceeding $675 a month. A lump sum allowance of $250 is paid to recipients who leave welfare to participate in the program (or in full-time employment outside of WIN).

Benefits in kind include the payment of provincial health insurance premiums, prescription drug costs, dental care, eyeglasses and hearing aids. These benefits continue to be provided for three months after eligibility for WIN is terminated. If the job ends, the individual can return to the regular FBA or GAINS-D programs without first applying for GWA, which pays lower rates. (The WIN Program is not cost-shared under CAP because the individual is no

longer subject to a needs test.)

Earnings Exemption Guidelines

All respondents expressed concern about the disincentive effect of the earnings exemption guidelines. Many felt that their work efforts should be better rewarded. There should be greater incentive for individuals trying to establish themselves in the labour force.

Recipients who are unable to pursue anything more than infrequent or casual employment should be allowed to enjoy an improved standard of living. Yet the system does not allow such improvements; the high rates at which outside income is "taxed back" under the earnings exemption guidelines ensure that recipients continue to live at poverty-level incomes.

A B.C. welfare recipient with an intellectual impairment explained that he was unaware of the fact that as a GAIN beneficiary, he was not allowed to keep earned income over and above certain prescribed amounts. (While he may have been informed about the earnings exemption rules, it is possible that he did not understand them.) He found a job and managed to save $6,000 — only to be informed by his welfare worker that he now had cash in excess of the amount permitted under the liquid asset exemption guidelines. He was required to divest himself of $3,500 as quickly as possible to re-establish his eligibility for social assistance. Both he and his friends now wonder about the dubious "wisdom" of trying to gain work experience and strive toward independence.

The earnings exemptions are often seen as problematic in relation to other economic policies such as minimum wages. An increase in earnings exemptions means that welfare recipients can keep more of their take-home pay, thereby providing an incentive to work. At the same time, however, the increase cannot be so great as to allow welfare recipients' combined income from social assistance and work-related sources to exceed the minimum wage. Tax-back rates are kept high so that social assistance does not become a more attractive alternative to minimum wage employment. (While some provinces do not necessarily set rates in line with the relevant minimum wage, there are pressures to keep welfare rates relatively low.)

This issue highlights the interface among various income policies and programs. It is clear that changes in one economic sphere

can have a significant impact upon other areas. At the very least, more systematic planning of income policies and programs is required.

Finally, respondents expressed concern about the wide range in the earnings exemption levels. Single persons who are disabled in Quebec, British Columbia and New Brunswick can keep $25, $50 and $150, respectively, from outside earnings. This disparity raises questions about equity in the treatment of welfare recipients in different parts of the country.

In summary, respondents identified problems in relation to all major aspects of social assistance: eligibility criteria, liquid asset exemption guidelines, rates of assistance, special assistance and earnings exemption guidelines. The section on "Policy Options" will examine ways in which the welfare system can be improved. It will also explore options for more equitable and less discretionary forms of income support.

CANADA/QUEBEC PENSION PLAN

Description

The Canada Pension Plan operates in all regions of Canada except in Quebec, which offers analogous coverage under the Quebec Pension Plan. The Plan is designed to protect workers and their families against loss of income due to retirement, disability or death.

There are no firm data on the numbers of persons with an intellectual impairment who are beneficiaries under the Canada/Quebec Pension Plan. It is likely, however, that their percentage is very small in relation to the entire recipient population. The C/QPP is a social insurance scheme that requires participation in the paid labour force.

Contributions to the Plan are compulsory for most employed persons between the ages of eighteen and sixty-five. Workers over age 65 have the option of contributing to the Plan until they are seventy. Persons already receiving disability or retirement pensions as well as those who earn below a certain amount — known as the "year's basic exemption" — are exempt from making contributions. In 1988, the year's basic exemption was $2,600.

Employees pay 2 percent of their contributory earnings to the Plan. Contributory earnings are wages (up to the level of the average wage) minus the year's basic exemption. These contributions are matched by the employer. Self-employed workers pay 4 percent of their

contributory earnings.

The C/QPP also establishes the maximum earnings upon which contributions can be made. In 1988, the "maximum pensionable earnings" were $26,500. Benefits are determined on the basis of these earnings; the pensions of workers who made more than $26,500 are calculated as though these contributors had earned only that amount.

The C/QPP provides a variety of benefits that are taxable: a retirement pension, disability pension, disabled contributor's child benefit and orphan's benefit. There is also a lump sum death benefit which is non-taxable. Only the first three benefits are discussed here. Details about the entire range of C/QPP benefits are available elsewhere.[17]

The retirement pension is equal to 25 percent of the average of contributors' pensionable earnings during their working life. For individuals who were eighteen or over when the C/QPP came into effect in 1966, "working life" refers to the time between that date and age sixty-five. For all other beneficiaries, it is the period from the time they turned eighteen years of age until they turned sixty-five. To protect the value of the pension against inflation, pensionable earnings are adjusted to reflect increases in the Consumer Price Index when the calculation for benefits is made at retirement. Under revisions to the Canada Pension Plan, which took effect January 1987, a contributor may now apply for an adjusted pension between ages sixty and seventy.

In August 1988, the average retirement pension was $343.76 for men and $213.45 for women. (See Table 7.) This differential is due to the fact that, on average, men earn higher wages than women. As a result, men receive higher benefits when they retire because these are calculated as a percentage of earnings.

The disability pension is paid in the event of a severe and prolonged disability, as a result of which the individual is incapable of pursuing substantially gainful employment. Contributions to the Plan must have been made during two of the last three calendar years or five of the last ten years in the contributory period. The benefit consists of a flat-rate amount plus an earnings-related component equal to 75 percent of the retirement pension to which that person would likely have been eligible.

In 1988, the flat-rate component was $242.95. The average monthly amount paid in August 1988 to beneficiaries with a disability

was $549.23 for men and $458.78 for women. (See Table 8.)

The dependent of a contributor who is disabled is entitled to a fixed monthly benefit. It may be paid to an unmarried child up to the age of eighteen or to a full-time student up to the age of twenty-five. Benefits end if the child is adopted, marries, is over eighteen years of age, does not attend school or university on a full-time basis (benefits will be reinstated if the child returns to school full-time), or if the disability pension ceases to be payable to the contributor. In August 1988, the average dependent benefit was $98.95 for children up to age eighteen and $98.92 for dependents between the ages of eighteen and twenty-four.

Analysis

As previously indicated, it is impossible without adequate data on income sources to know how many persons with an intellectual impairment receive benefits under the C/QPP. Despite the lack of information on the numbers of such beneficiaries, we do know that this program of income support presents several problems for these individuals.

First, their access to the Plan is limited because it is based upon a reasonably steady and recent attachment to the paid labour force in terms of both time and earnings. Most persons who are disabled, especially those with an intellectual impairment, face serious work-related obstacles. Many cannot meet the minimal requirements and therefore derive no benefit from the C/QPP.

Individuals with an intellectual impairment who *are* engaged in paid employment make contributions to the Plan. Most earn incomes at or around the minimum wage. Any benefits they ultimately receive from the Plan are very low and must generally be supplemented by some other source. Those over age sixty-five are eligible for the Old Age Security pension and, if required, the Guaranteed Income Supplement (described below). Persons who are not eligible for these forms of income support and who have no other source of income must apply for social assistance.

Many disability benefit recipients in the latter position recently experienced a serious problem. Prior to 1987, the flat-rate component of the Canada Pension Plan disability benefit was significantly lower than that provided by Quebec. In 1986, the former was only $91.06 compared to $233.38 provided under the QPP. The federal

TABLE 7

Distribution of Retirement Pensions, By Age and Sex, August 1988

	MALE			FEMALE			TOTAL		
Age	Number	Amount	Average Pension	Number	Amount	Average Pension	Number	Amount	Average Pension
60	14,997	5,021,863	330.18	13,532	2,574,049	186.64	28,529	7,595,912	262.10
61	18,949	6,510,598	339.36	16,440	3,250,531	194.34	35,389	9,761,129	271.99
62	20,780	7,672,036	365.92	17,130	3,647,180	209.86	37,910	11,319,216	295.40
63	22,025	8,716,847	392.82	18,253	4,182,099	226.02	40,278	12,898,946	317.23
64	24,327	10,146,264	412.35	20,837	4,917,059	231.46	45,164	15,063,323	328.89
65	68,302	30,540,614	442.90	46,974	12,348,234	258.56	115,276	42,888,848	367.78
66	69,120	30,775,946	443.62	47,737	12,434,397	258.14	116,857	43,210,343	367.85
67	65,858	28,201,924	428.08	45,609	11,478,234	251.24	111,467	39,680,158	355.72
68	64,871	25,979,379	400.36	44,849	10,637,966	236.88	109,720	36,617,345	333.54
69	50,921	18,885,833	370.76	35,372	7,881,800	222.70	86,293	26,767,633	310.07
70	48,960	17,505,694	357.06	33,496	7,334,922	218.07	82,456	24,840,616	300.60

60-64	101,078	38,067,608	372.67	86,192	18,570,918	211.90	187,270	56,638,526	298.68
65-69	319,072	134,383,696	419.84	220,541	54,780,631	246.79	539,613	189,164,327	349.11
70-74	231,220	80,893,242	348.67	151,595	33,494,714	219.76	382,815	114,387,956	297.63
75-79	154,952	44,643,159	287.14	93,953	18,028,765	190.74	248,905	62,671,924	250.75
80-84	100,384	17,020,089	168.74	56,824	6,724,305	117.13	157,208	23,744,394	150.09
85+	9,083	1,135,468	124.73	4,643	424,858	91.07	13,726	1,560,326	113.34
Total	915,789	316,143,263	343.76	613,748	132,024,190	213.45	1,529,537	448,167,452	291.47

Source: Health and Welfare Canada. *Monthly Statistics: Security Programs,* August 1988, p.13.

government took steps to redress this inequity; in January 1987, it increased the flat-rate component of the CPP to $242.95 to match the 1987 Quebec rate. While this was a positive step in terms of improving income, the change had a serious unintended negative effect.

Because benefits under the C/QPP are insufficient to meet basic living needs, many beneficiaries also require social assistance. As previously explained, eligibility for welfare is calculated on the basis of a budget deficit, so that applicants' needs for assistance are compared to the resources available to meet those needs. If their needs exceed their resources — that is, there is a budget deficit — they may qualify for both welfare and a range of special assistance items and services.

When the CPP disability benefit was increased, the sum of the resources available to recipients who are disabled grew accordingly. This was positive in that it increased their income. At the same time, however, many lost eligibility for non-cash benefits because they no longer had a budget deficit. Some provinces, such as Ontario, took steps to rectify this problem by allowing those who had been entitled to special assistance prior to the CPP increase to remain eligible for this form of support.

The particular problem with respect to a small component of this program is illustrative of two larger issues. First, it raises questions about the linkage of eligibility for special assistance to the needs testing requirement under the Canada Assistance Plan. Persons who are disabled may well have some form of financial support other than social assistance — e.g., a C/QPP retirement or disability benefit, family resources, the proceeds of a will, private pension income or employment earnings. By virtue of their disability, however, they may require a range of special assistance allowances, goods and services. To make the provision of these items contingent upon a budget deficit means that many individuals who are disabled will no longer have access to these supports.

The second general issue highlighted by this example is that improvements to any given program may have unintended negative effects. This is not to say that existing programs should not be improved. Rather, the "lesson" to be learned as a result of this problem is that the implications of incremental modifications to any one system must be considered in relation to other programs to ensure that the changes have an overall positive impact.

TABLE 8

Distribution of Disability Pensions, By Age and Sex, August 1988

Age	MALE Number	MALE Amount	MALE Average Pension	FEMALE Number	FEMALE Amount	FEMALE Average Pension	TOTAL Number	TOTAL Amount	TOTAL Averag Pension
-25	121	110,372	398.39	49	44,591	383.38	170	154,963	394.06
25-29	864	573,141	458.12	470	304,139	426.27	1,334	877,280	446.90
30-34	2,516	1,655,623	481.99	1,282	787,019	462.38	3,798	2,442,642	475.37
35-39	4,183	2,682,877	497.17	1,956	1,348,202	467.48	6,139	4,031,079	487.71
40-44	6,018	3,845,727	513.06	2,349	1,576,396	459.24	8,367	5,422,123	497.95
45-49	8,365	5,724,175	532.01	3,307	2,184,241	454.66	11,672	7,908,416	510.09
50-54	13,874	9,705,105	544.10	5,927	3,946,595	458.94	19,801	13,651,700	518.61
55-59	27,783	19,047,691	558.72	12,002	7,250,952	460.28	39,785	26,298,643	529.02
60-64	49,042	30,829,067	562.56	20,931	10,744,661	458.35	69,973	41,573,728	531.39
TOTAL	112,766	74,173,777	549.23	48,273	28,186,796	458.78	161,039	102,360,573	522.12

Source: Health and Welfare Canada. *Monthly Statistics: Security Programs,* August 1988, p.15.

UNEMPLOYMENT INSURANCE

Description

Unemployment Insurance (UI) is a national program of income support whose purpose is to provide financial protection to workers experiencing temporary income interruptions. Eligibility criteria and benefit rates vary by economic region. For the purposes of this program, Canada is divided into forty-eight regions. Only the major features of the program will be provided here; details can be found elsewhere.[18]

The basic eligibility criterion for UI is ten to fourteen weeks of insurable employment in the qualifying period (usually the past fifty-two weeks). The requirement varies by the employment rate of the economic region in which the claimant resides. Canadians who have already received benefits during a qualifying period need an additional week of employment for every week of benefits collected over and above the minimum entrance requirement for the region, up to a maximum of six weeks. This provision does not apply to regions where the unemployment rate is greater than 11.5 percent.

Benefits are paid during a period of up to fifty weeks after a two-week waiting period. Any employment earnings during the waiting period are deducted from the first three weeks of benefits.

Regular benefits are paid in three phases. One week of benefits is paid for each week of insurable employment up to a maximum of twenty-five weeks in the fifty-two-week benefit period. Claimants

whose weeks of insurable employment earnings exceed the requirement of the initial benefit are entitled to an extended benefit: one week of benefits for every two weeks of insurable earnings up to a maximum of thirteen weeks. Finally, claimants may be entitled to a third tier of support; regionally extended benefits provide two weeks of benefits for every 0.5 percent that the regional unemployment rate exceeds 4 percent up to a maximum of thirty-two weeks. No more than fifty weeks' benefits can be claimed in a fifty-two-week benefit period.

Sickness benefits are payable to individuals who are able to provide medical documentation of their incapacity and who have at least twenty weeks of insurable employment. Up to fifteen weeks' sickness benefits are payable as part of the maximum twenty-five weeks' initial benefits.

All earnings from employment received during the benefit period which exceed 25 percent of the Unemployment Insurance payment are deducted from UI benefits. This is referred to as the "allowable earnings rule." Wages that claimants earn while receiving sickness benefits are also deducted. Income in the form of vacation or separation pay, retirement pension or bonus will reduce or delay UI benefits. By contrast, funds received from disability pensions, non-group sick plan payments or supplemental unemployment benefits are not treated as earnings and do not postpone or reduce benefits.

The Unemployment Insurance program is financed through contributions from employer/employee premiums (80 percent) and the federal government (20 percent). The employee rate is $2.35 for each $100 of weekly insurable earnings. The employer contribution is 1.4 times the employee rate.

Workers who qualify for UI benefits are paid 60 percent of their maximum insurable earnings. In 1987, the maximum weekly benefit was $318 although the average weekly payment in that year was only $190.28. The maximum weekly benefit in 1986 was $297; the average weekly benefit in that year was $181.07.

Analysis

As in the case of C/QPP, it is impossible to know without the supporting data the numbers or percentage of individuals with an intellectual impairment who have claimed benefits under this program. Despite the absence of statistical data, some respondents indicated that they are

particularly concerned about the relation of UI to other programs of income support.

For example, prior to the tax reform measures introduced by Finance Minister Wilson in 1986, the premiums paid by employees were deductible from gross income. With tax reform, the premiums are now "deducted" from income tax owing in the form of a non-refundable credit. The implications of this and other changes (such as the conversion of the tax deductions for Canada Pension Plan contributions to a tax credit) are that individuals experience an increase in their net income because they are no longer able to reduce their gross incomes by these amounts.

While the increase in net income is small, it may nevertheless affect the eligibility of some individuals and families for benefits from programs that are income-tested, such as the federal Child Tax Credit and sales tax credit as well as some provincial income supplementation schemes. This potential loss is important because there are so few programs that provide financial assistance to families.

A second problem experienced in relation to UI is that it is often employed by provincial governments as a means of providing their treasuries some relief from supporting "difficult to employ" persons over extended periods of time. Welfare recipients are usually encouraged, and are often required as a condition of continued eligibility, to participate in job creation programs. Many of these programs pay a wage and require both UI and C/QPP contributions. When the job ends, the "workers" are then entitled to a certain number of weeks of UI benefits to which provinces make no contributions. It is the federal government that pays the costs; this is basically an "income assistance" program for the provinces!

While the practice may provide some relief to provincial coffers, it is disconcerting to recipients who are shifted from one program to another without what they feel is "real" or meaningful employment. Sometimes they must re-establish their eligibility for social assistance; depending upon the province, they may receive a lower benefit than that to which they were entitled prior to the "work opportunity." This is because some provinces do not provide certain benefits such as a clothing allowance or higher welfare rates until individuals have been in receipt of assistance for a specified length of time.

Another problem that UI claimants face is the two-week waiting

period from the time employment ends until social assistance benefits begin. Many persons, especially those working at minimum wage, experience serious financial problems as a result of this two-week "hiatus." Those who have no other income or resources must rely upon the emergency support provided by provincial welfare departments.

The rules regarding emergency assistance vary by province. In most cases, this form of assistance is granted at the discretion of the administration. Benefit levels are extremely low with funds being provided to cover basic necessities only.

Emergency assistance in Prince Edward Island, for example, includes provision for food, rent, fuel, utilities and medication although a lesser amount may be granted if it will meet the emergency situation. New Brunswick may grant up to two weeks' interim assistance where there is an urgent and obvious need. Municipalities in Ontario and Manitoba may provide emergency assistance for short-term need; criteria vary by municipality.

Saskatchewan makes provision for minimal assistance, which covers the cost of food, shelter, heating fuel and utilities. If, however, the recipients are considered to be unemployable, they may be eligible for long-term rates of social allowance. Alberta grants emergency assistance for a one-week period only. In British Columbia, emergency assistance may be recoverable from the applicant.

Despite the variation, applicants must demonstrate that undue hardship will occur if they do not receive emergency aid. In all cases, the benefits are provided at the discretion of the welfare worker or administrator. There is no guarantee that an applicant will receive any financial assistance during the two-week waiting period before UI benefits begin. This is a problem especially for disabled persons who are unlikely to find a temporary job to bridge the income gap.

OLD AGE SECURITY/GUARANTEED INCOME SUPPLEMENT

Description

The Old Age Security (OAS) pension provides a basic income to Canadians aged sixty-five and over. The Guaranteed Income Supplement (GIS) is payable to pensioners who have little or no income other than the OAS benefit. A Spouse's Allowance (SPA) is intended for OAS pensioners' spouses who are between the ages of sixty and sixty-four and whose income falls below certain levels. It is also payable to the widow(er) of a deceased OAS pensioner to ensure a minimum level of income for the surviving spouse until his or her entitlement to OAS begins.

Canadians aged sixty-five and over may qualify for a full or partial Old Age Security pension, depending upon their length of residence in Canada after reaching age eighteen. Individuals qualify for a full pension if they have lived continuously in Canada for the ten years immediately prior to applying for the pension. If absent during this ten-year period, they qualify for full benefits if they lived in Canada for periods after age eighteen that total at least three times the period spent abroad and at least one year immediately prior to applying for benefits.

The OAS is a flat-rate, universal benefit. "Flat-rate" means that it is set at a certain fixed level. From October to December 1988, the monthly benefit rate was $320.08. The amount is adjusted quarterly according to changes in the Consumer Price Index. The pension is "universal" in that it goes to all Canadian citizens who have reached the age of sixty-five and who qualify on the basis of residence requirements. Old Age Security is a taxable benefit.

The Guaranteed Income Supplement is a non-taxable benefit paid over and above the OAS to pensioners who qualify on the basis of an income test. Persons whose net incomes exceed a certain amount are not entitled to this supplementary assistance.

The amount of the supplement is determined on the basis of the individual's net income for the preceding tax year, calculated in accordance with the Income Tax Act. Certain sources are exempt in the calculation of net income including OAS benefits, federal Family Allowances, the Child Tax Credit, C/QPP death benefits, Veterans' Disability Pensions, Home Insulation Grants and social assistance payments.

There are two rates of GIS. One is intended for single pensioners: widowed, separated, divorced and never-married individuals. From October to December 1988, single persons received a monthly maximum GIS of $380.39. Each spouse in a married couple, both of whom were pensioners, received a monthly maximum GIS of $247.75. The maximum GIS is reduced by $1 for every $2 of outside income.

The spouse of an OAS pensioner may be eligible for a Spouse's Allowance if she (or he) is sixty to sixty-four years of age and has lived in Canada for ten years. Eligibility is based on an income test similar to the one described above. Between October and December 1988, the maximum Spouse's Allowance was $567.83 for spouses of OAS pensioners and $626.90 for widow(er)s.

Persons with a disability who reach age sixty-five qualify for OAS and possibly GIS depending upon their financial circumstances. If they are social assistance recipients, they are transferred from the provincial welfare rolls to this federal income program. Depending upon the jurisdiction in which they live and the extent of their special needs, these pensioners may be eligible for additional financial assistance from the provincial government. While eligibility rules and rates vary among jurisdictions, the general intent of these programs is to assist

elderly individuals whose needs exceed even the amounts they would receive with OAS and the maximum GIS. The variety of programs is described below.

In Prince Edward Island, for example, those who by reason of age are unable to provide for themselves as verified by a budget deficit may apply for welfare. They may be eligible for assistance in any given month due to a special need expense; the province will pay the amount of the deficit.

Nova Scotia residents who are GIS recipients are eligible for Special Social Assistance. Recipients of a Spouse's Allowance may not apply. A lump sum benefit is paid on an annual basis and is calculated according to the level of the applicant's GIS benefit. In 1988, recipients of the maximum GIS received $219; those who were entitled to less than one-third of the GIS received only $109.

Nova Scotians over age sixty or persons over age nineteen with a physical or mental disability were also eligible for non-taxable rental assistance. Maximum assistance levels are $150 per month for a single person whose gross monthly income does not exceed $300 and whose rent is $275 or more. For a couple, $169 is provided if their combined gross monthly income does not exceed $300 and their rent is $300 or more.

A monthly benefit is provided to Ontario residents in receipt of GIS who also meet certain residence and income requirements. They do not need to apply for this benefit (GAINS-A) because their eligibility is automatically reviewed. In January 1988, the maximum monthly supplement for eligible individuals or for each eligible spouse of a married couple was $83. The tax-back or reduction rate is the same as for GIS; the benefit is reduced by $1 for every $2 of outside earnings.

OAS/GIS recipients in Manitoba may be eligible for social assistance benefits if the combined income from the former programs is inadequate to meet their needs. Persons over age fifty-five in receipt of certain levels of GIS are also eligible to receive a supplement from the 55 Plus — Manitoba Income Supplement Program. Eligibility for GIS/SPA pensioners is automatically renewed every year; non-GIS/SPA pensioners aged fifty-five and over must apply for the Supplement. In April 1988, the quarterly benefit was $102.30 for single individuals and $109.90 for each eligible spouse of a married couple. This income is deducted from any social assistance entitlement.

Under the Saskatchewan Income Plan, monthly benefits are paid to seniors who are entitled to GIS and whose incomes do not exceed specified levels. Eligibility is automatically reviewed based on GIS entitlement. Maximum benefits effective January 1988 were $65 for a single person or for a GIS recipient whose spouse was not a pensioner. Each spouse in a married couple received $52.50 where both were GIS recipients.

Alberta senior citizens who are eligible for GIS are also entitled to an income-tested benefit under the Alberta Assured Income Plan. Monthly benefits range from $10 to $95, depending upon the recipient's level of income. Those still unable to meet their financial requirements may receive supplementary assistance from the welfare department. Alberta also provides a pension to widows and widowers between the ages of fifty-five and sixty-four whose incomes fall below certain levels (the Alberta Widows' Pension).

British Columbia automatically grants an allowance to residents who are GIS or SPA recipients whose incomes fall below certain levels. As of January 1988, the maximum monthly amount was $49.30 for single persons and $60.25 for each person in a married couple. The Yukon Territory operates a similar program, providing a monthly maximum of $100 per eligible pensioner.

GIS or SPA beneficiaries residing in the Northwest Territories are automatically eligible for a territorial supplement of $85 a month. They may apply for social assistance if they still have a budget deficit.

Analysis

Individuals with an intellectual impairment have not, as a group, experienced major problems with respect to this program of income support primarily because most did not live until the age of sixty-five. Medical and technological advances, however, have prolonged the lifespan of these persons, many more of whom are now expected to reach "retirement" age. This factor alone warrants an examination of OAS/GIS in light of the needs of this population.

The features of the OAS/GIS program are often cited as a prototype for reform of the income security system in Canada. First, the program has a *universal, flat-rate* component consisting of a set benefit that is indexed regularly in relation to increases in the cost of living. It is made widely available to those who qualify—in this case, on the basis

of age.

This basic or core component is then supplemented by an indexed, *variable "top-up"* granted on a *selective* basis to those who require additional assistance. It is variable in that higher benefits are provided to those who are in greater financial need.

The major weakness of this model in relation to persons who are disabled is that the income test, while less intrusive and discretionary than the needs test, cannot distinguish between those persons who have special needs and those who do not. Individuals who are disabled, in particular, must often pay large sums of money to cover the costs of their disability-related special needs. If their net incomes are at or slightly above the cut-off point of the income test, they would not qualify for financial assistance even though the income available for their basic living needs may fall thousands of dollars below that point after the costs of special items or services are paid.

It is of interest that the federal government, several provincial governments and both territories recognize that elderly persons incur extra costs associated with their age. These jurisdictions provide assistance on an income-tested basis, which is a relatively "unintrusive" method of determining the need for financial aid. Administration is simple; in many cases, eligibility is determined according to GIS entitlement.

Several respondents indicated that the principle of automatic recognition of higher living costs should apply to them as well. Such recognition would allow the direct transfer of funds through an income-tested benefit such as GIS or the indirect transfer of funds through the tax system. Financial assistance should be an entitlement rather than a "handout" for which one must qualify by going "cap in hand" to the welfare department.

Programs that provide supplementary financial assistance are particularly important for elderly persons who are disabled. These individuals are the ones most likely to incur costs that extend their needs beyond their resources. All provinces west of and including Ontario and both territories automatically identify potential beneficiaries through GIS or Spouse's Allowance eligibility. In the remaining provinces, pensioners must apply to the welfare department for supplementary financial assistance. It is possible that many pensioners are unaware of the fact that this extra support is available and may

therefore not receive any assistance even though they may be theoretically eligible.

An important equity issue arises from the fact that some provinces provide supplementary financial assistance to the recipients of both GIS and SPA while other provinces grant this form of aid to GIS recipients only. Equity concerns have also been raised with respect to eligibility for SPA; as a benefit for spouses and widowed persons, it discriminates against single or divorced persons who might otherwise qualify on financial grounds.

ASSISTANCE TO FAMILIES

Description

The federal government administers two major programs of financial assistance for Canadian families. The Family Allowance is a universal, flat-rate benefit that goes to all Canadian families (meeting certain residency requirements) with children up to eighteen years of age. In 1988, the monthly amount was $32.38 per eligible child. From 1973 until 1985, the Family Allowance was fully indexed to the cost of living; since 1986, it has been partially indexed to the amount of inflation exceeding three percent.

Alberta varies the amount of this allowance according to the age of the child. Quebec modifies the allowance by both the age of the child and the number of children in the family. In addition, Quebec provides its own Family Allowance supplement that varies by the number of children in the family. This supplement has recently been converted to a tax credit.

The federal government also pays a Special Allowance on behalf of children under the age of eighteen who are maintained by a welfare agency, government department or institution that is authorized to be responsible for the care or custody of children. In 1988, the monthly amount of this allowance was $48.31.

The second major federal program of income assistance to families is the Child Tax Credit. In contrast to the Family Allowance,

the Child Tax Credit is a targeted benefit. That is, it is provided only to families that qualify on the basis of net income. It is a refundable credit; families that are too poor to pay taxes receive a "refund" or a sum of money from the government.

For the 1988 taxation year, the maximum value of the refundable Child Tax Credit is $559. The National Strategy on Child Care announced in 1988 added a $100 a year supplement to the Child Tax Credit for children six years and under; this supplement will rise to $200 in subsequent years.

Couples with two children whose net income falls below $24,090 (the "turning point") receive the maximum benefit. For every $1 of net income over that amount, the Credit is reduced by $.05. These families are eligible for benefits until their net income reaches $46,450, the "cut-off point."

The White Paper on Tax Reform introduced in 1986 proposed a number of important changes to child benefits. Among these was the conversion of the children's tax exemption to a non-refundable flat-rate credit of $65 per child for 1988; the credit is $130 for the third and each subsequent child. Because it is non-refundable, families that are too poor to pay taxes derive no benefit from the new credit.

In addition to these federal benefits, several provinces have special programs of financial assistance for families (described below). Eligibility criteria vary; assistance is contingent upon the presence of a dependent who is disabled and/or level of family income. In the remaining provinces, families in need of financial assistance would have to qualify for such support under the provincial welfare system. (It should be noted that while not all provinces provide monetary benefits, most make available various services for families caring for dependents who are disabled.)

Newfoundland has a Special Child Welfare Allowance available to families caring for a child under the age of eighteen who is disabled. The purpose of the benefit is to help families pay the cost of medications, services or assistive devices related to the child's disability.

The amount of the benefit is based on an "enriched needs test" that takes into account the child's special needs as well as the parents' financial ability determined according to net income. Families in receipt of social assistance are eligible for this benefit as an item of special need. As of January 1988, the maximum monthly amount of this

non-taxable benefit was $369. For families not receiving social assistance, a district social worker can approve $369 a month under Enriched Needs for the family of a disabled child. In extenuating circumstances, the Director of Child Welfare can approve any amount; there is no ceiling.

Prince Edward Island has a family support program that provides funds, within certain authorization limits, for the costs incurred in caring for a dependent who is disabled. Both family income and amount of expenditure are taken into account in determining the benefit level.

Nova Scotia's In-Home Support Program makes available limited financial assistance to families caring for a child who is severely disabled. A maximum monthly amount of $300 is provided for disability-related costs such as medications, transportation and respite care. Only families that qualify for all or part of the federal Child Tax Credit are eligible for this assistance.

New Brunswick provides up to $600 a month to families caring for dependents who are severely disabled. Payments are made through the provincial Department of Health and Community Services.

In Quebec, families supporting a child under the age of eighteen who is severely and permanently disabled may apply for a Supplementary Allowance for Handicapped Children. The supplement is provided in addition to the other family allowances available in Quebec. Medical certification is required to establish eligibility.

Families that care for the child at home or pay the full cost of care in a hospital or "reception centre" receive a flat-rate allowance over and above their monthly Family Allowance. As of January 1988, the monthly amount of this non-taxable supplement was $97.73. (Quebec provides an "Availability Allowance" for parents who do not claim the child care expense deduction. The province has also modified its work income supplement program for low-income families; *Aide aux parents pour leurs revenus de travail* takes effect in the 1988 taxation year.)

Under the Family Benefits Act, Ontario provides a Handicapped Children's Benefit. This is a non-taxable benefit to families caring for a child who is severely disabled or a foster child under eighteen years of age. The child must be residing at home and must have a severe disability that requires extraordinary expenditures. The monthly benefit ranges from $25 to $300 and is determined on the basis of the age of

the child, the severity of the disability and related costs. For families that are not beneficiaries under the Family Benefits Act, family income is also taken into account. (The Ontario Social Assistance Review Committee, which issued its report in September 1988, recommended that this benefit be removed from the social assistance benefit structure and incorporated within the Special Services at Home Program of the Ministry of Community and Social Services.)

In Manitoba, low-income families with children under the age of eighteen may be entitled to a non-taxable benefit under the Child-Related Income Support Program. Eligibility for this program is determined according to level of income and not because of the presence of a disability. Families qualify on the basis of total family income for the previous tax year less certain deductions. Effective July 1987, the maximum monthly benefit was $30 per child for families with a net income of $10,894 or less.

Saskatchewan has a similar program; non-taxable benefits are provided under the Family Income Plan to families with dependent children under the age of eighteen. Family income and fixed assets cannot exceed certain levels. In January 1988, the maximum benefit was $100 a month for each of the first three children and $90 per month for the fourth and each subsequent child. Benefits are reduced by $1 for every $2 of outside income over $8,700 per year plus annual Family Allowance payments.

Under the Handicapped Children's Services Program in Alberta, reimbursement is provided for the services purchased by the parents of children who are severely disabled. Families qualify on the basis of medical diagnosis as well as age of the dependent (up to eighteen). The cash payment is made to families after they present evidence of expenditure for a particular service. There is no needs or income testing; parental contributions toward the cost of the service are voluntary.

Analysis

Respondents identified several concerns in relation to financial assistance programs for families. The first is that assistance for families caring for children who are disabled is not universally available throughout the country. Sometimes the support that is available is

insufficient to meet family needs.

Even though Manitoba and Saskatchewan, for example, provide financial support to families, the income-testing criterion may exclude many who would otherwise qualify if the test were done on the basis of need. Income tests have no way of taking into account the fact that families caring for children who are severely disabled must incur high costs for medications, equipment, technical devices, modifications to the home or respite care. If a family's net income is at or slightly higher than the cut-off point, then it would not qualify for assistance even if its income after paying the disability-related expenses fell thousands of dollars below that point.

The strength of the Quebec system is that it recognizes that all families with dependents who are disabled necessarily incur extra expenditures as a result of their child's disability (even if only for the costs of respite care). Because the supplement is provided on a universal basis — i.e., to all families that have children with a severe disability — the amount is relatively low. High payments made on a universal basis would make the cost of the program prohibitive. In 1985, there were 12,918 families that received this benefit at a cost of $13,910,000.

By contrast, Newfoundland and Ontario provide needs-tested benefits in which the amount of the benefit varies according to need (determined both on the basis of severity of the disability as well as on the basis of income). This administrative arrangement allows for more generous monthly maximum amounts than those provided under a universal system. The "trade-off" is that families are subjected to a test which is seen as "intrusive" — they must provide a lot of information to obtain a relatively small amount of financial assistance. A needs-tested program is also more costly to administer than one which is "universal."

The description of financial assistance for families points to several key problems. First, individual jurisdictions as well as the federal government offer very little in the way of financial aid to families that maintain a dependent who is disabled. There is a serious lack of programs in this area. Those that do exist do provide relatively low benefits in relation to some potentially very high costs.

It is ironic that if these families were to give up their children for institutional care, the state would somehow find enough money to support them. Yet when the same children are cared for by their natural families, there is little or no assistance.

There almost appears to be a built-in bias toward the support of extrafamilial forms of care. Even the federal Special Allowance paid on behalf of children in the care of adults other than their parents is higher than the regular Family Allowance paid to natural parents. The former is a non-taxable benefit while the benefit to natural families is subject to taxation. In addition, increases in regular Family Allowances in 1983 and 1984 were limited to 6 percent and 5 percent, respectively. The Special Allowance rate was not subject to these limitations. (Both regular and Special Allowances are now partially indexed to the rate of inflation.)

Even though it is fairly obvious that there is a lack of support in this country for natural families caring for disabled children, it is difficult to draw conclusions on the basis of financial assistance programs alone. Many provinces make available an array of in-home support services to assist families and provide them with some respite from their onerous caregiving responsibilities.

TAX CREDITS

Description

Governments provide benefits not only directly in the form of transfer payments but also indirectly in the form of exemptions, deductions and credits in the personal income tax system. These are expenditures in that they represent revenue that is not collected.

Persons who are disabled benefit from three types of tax "expenditures": the personal exemption, the disability deduction and the medical expenses deduction. Families can claim the latter on behalf of a dependent who is severely disabled. In his tax reform package, Finance Minister Wilson introduced a series of reforms that took effect in the 1988 taxation year. Changes include the conversion of the personal exemption and the disability and medical expenses deductions to tax credits.

Exemptions and deductions are often called "regressive" because they provide tax savings that rise with income. Exemptions and deductions act to lower the amount of income on which individuals are required to pay tax. Taxpayers with higher incomes benefit more from an exemption or a deduction than do lower income taxpayers. A credit, by contrast, is an amount deducted from tax payable. Because it is deducted after tax payable is calculated, it is worth more in relative terms to persons who have low incomes.

There are two types of credits: non-refundable and refundable

credits. A non-refundable credit is an amount of tax that need not be paid. It is simply a sum subtracted from taxes. If the value of the credit is greater than the amount of taxes owed (i.e., there is a negative remainder), the taxfiler pays nothing.

In the case of a refundable credit, the taxpayer who had a deficit or negative remainder when subtracting the value of the credit from taxes payable would receive an amount equivalent to that deficit in the form of a payment from the government. Refundable credits help very poor Canadians, in particular, because they actually derive a benefit from the tax system. Detailed analyses of the effects of tax reform can be found in the relevant literature.[19]

Prior to tax reform, the personal exemption was a flat-rate amount that taxpayers deducted from their net income to arrive at their tax payable. The exemption was $4,220 in 1987. The exemption is now a non-refundable credit worth $1,020 in 1988. The new credit will help persons who are disabled because credits provide greater benefits to low-income individuals. However, Canadians who are too poor to pay tax will not benefit at all from the conversion because the credit has not been made refundable.

Before changes to the tax system were introduced, persons with a disability or families caring for a dependent who is severely disabled were entitled to claim a disability deduction. The individual on whose behalf the deduction was being claimed had to be blind or confined to a bed or wheelchair. This definition was found to be restrictive in that many persons who are disabled are neither blind nor confined to a bed or wheelchair; yet they still may incur significant costs arising from their disability.

In response to this problem, the federal government expanded the definition of disability to include all persons who have a severe or prolonged impairment that markedly restricts their daily activities for a period of at least twelve months. The broadened definition allows the deduction to be claimed by individuals who have disabling conditions such as blindness, severe mental impairment, profound deafness and functional impairment of the musculoskeletal system. The restriction must be so severe that "medical devices or medication fail to provide sufficient compensation of the impairment with the result that even with the use of such aids or medication, the individual still experiences a marked restriction in the activities of daily living."[20]

To qualify for the disability deduction (now credit), the guidelines require that individuals be unable to: dress, bathe or prepare meals; communicate with or hear others; manage personal affairs because of a mental impairment; easily walk or move. Taxpayers claiming the deduction for themselves or on behalf of a dependent who is disabled must have a Disability Deduction Certificate completed by a licensed medical practitioner. If the disability is permanent, it is unnecessary to file the form again unless there is a change in circumstances.

A second major change that has taken place with respect to the deduction is its conversion to a non-refundable credit. The deduction allowed $2,890 to be subtracted from taxable income in 1987; the new credit will reduce tax payable by $853 in the 1988 taxation year (assuming a 55 percent provincial tax).

Finally, prior to tax reform all taxpayers including those who are disabled were entitled to claim a medical expenses deduction. The deductible portion was total receipted expenditures minus three percent of net income. As of the 1988 taxation year, the medical expenses deduction has been converted to a credit worth 17 percent of allowable medical expenses in excess of 3 percent of net income.

Allowable medical expenses include but are not limited to the following items or services:

- medical practitioners such as chiropractors
- speech therapists where the speech pathology arises from a medical problem
- home care provided by recognized associations such as the Victorian Order of Nurses
- full-time attendant or full-time care in a nursing home; taxpayers claiming these expenses are not allowed to claim the disability credit
- full-time attendant at home; the need for such expenditure must be supported by a qualified medical practitioner who certifies the extent of mental or physical infirmity
- full-time care in a nursing home on behalf of individuals who "lack normal mental capacity"; the expenditure must be certified by a qualified medical practitioner as well as supported by receipts from the nursing home
- care in an institution when by reason of physical or mental disability the individual requires special equipment, personnel or facilities

- transportation by ambulance
- artificial limbs and other devices such as a wheelchair, crutches, special brace, aids for hearing, eyeglasses, seeing-eye dogs
- certain categories of medication
- devices not specified in other provisions such as an optical scanner to help visually impaired persons read; a teletypewriter to enable persons who are deaf to make and receive phone calls; synthetic speech systems to assist persons with severe communication impairments.[21]

It was recently announced that home modifications for the purpose of enabling physical accessibility are now recognized as a medical expense.

Analysis

In the 1984 taxation year, 59,116 Canadians claimed a total of $147,000,000 for the disability deduction. The numbers increased in the following taxation year; 68,560 taxfilers claimed a total of $178,000,000 for this deduction. The expanded definition of disability effective in the 1986 taxation year more than doubled the numbers of claimants and the corresponding amounts claimed. In that taxation year, 142,890 Canadians claimed a total of $409,094,000 in disability deduction expenditures.

The conversion of this deduction to a credit is a positive step in that this benefit, in the form of a deduction, was regressive. It provided relatively greater benefits to taxpayers with higher incomes. Table 9 shows the distribution of the disability deduction for the 1986 taxation year.

Column 1 shows six income groups (less than $10,000; $10,000-$20,000; $20,000-$30,000; $30,000-$40,000; more than $50,000).

Column 2 presents the average benefit each income group derived from the deduction. This is *not* the amount Canadians deducted from their taxes (they could deduct up to $2,610 in that taxation year). Rather, the figures in this column indicate how much they saved in federal and provincial taxes as a result of claiming the deduction. Taxpayers with incomes of less than $10,000 saved an average of $461 from the disability deduction. Yet those earning $50,000 or more saved an average of $1,164. This column makes clear the regressivity of the former system; Canadians with higher incomes enjoyed greater tax

savings than those with lower incomes.

In Column 3, the share of benefits is shown. This represents each income group's percentage of tax savings from the disability deduction. Taxpayers in the lowest income range enjoyed 13 percent of the total tax savings from this benefit. Thirty-eight percent of the total tax savings under this benefit were paid to taxpayers in the next income range. Only 8.5 and 6.7 percent of the total tax savings went to taxpayers who earned between $40,000 and $50,000, and more than $50,000, respectively.

Column 4 shows the share of claimants. This is the percentage of taxfilers who claim the disability deduction within any given income group. The figures in this column indicate that 20.5 percent of those who claimed the disability deduction earned less than $10,000. Almost 41 percent of those who claimed the deduction earned between $10,000 and $20,000. Twenty percent of claimants earned between $20,000 and $30,000; 10 percent were in the $30,000 to $40,000 income bracket. Ten percent of the benefits were claimed by the two highest income groups.

It can be concluded from column 4 that the majority (61 percent) of taxpayers who claimed the deduction earned less than $20,000. This is because individuals who are so severely disabled that they are able to claim the deduction tend to have low incomes (although the information must be interpreted with caution because the figures also include relatives who are claiming the deduction on behalf of a dependent who is disabled).

In short, this analysis of the distribution of the deduction demonstrates its regressive nature, with those in the higher income brackets enjoying a proportionately greater percentage of the tax savings. While the conversion of the deduction to a credit will help correct this imbalance, preliminary analyses indicate that at the lower income levels the improvement will be only marginal rather than substantial.

TABLE 9

Distribution of the Disability Deduction, Claimants and Benefits, 1986 Tax Year

Income Group ($000)	*Average Benefit* [1] $	*Share of Benefits*[2] %	*Share of Claimants*[3] %
Under 10	461	13.4	20.5
10 - 20	683	38.2	40.5
20 - 30	795	21.7	19.9
30 - 40	935	11.6	8.9
40 - 50	987	8.5	6.1
50 and over	1164	6.7	4.1
Average	**$705**		

1. "Average Benefit" is the average federal and provincial tax savings per claimant from the disability deduction for each income group.

2. "Share of Benefits" is each income group's percentage of federal and provincial tax savings from the disability deduction.

3. "Share of Claimants" is each income group's percentage of taxfilers who claim the disability deduction.

Source: Calculations by the National Council of Welfare.

Table 10 shows what the value of the disability deduction would have been in 1988 (i.e., the amount of tax saved) had the deduction not been converted to a credit. The value of the deduction for different income levels is compared to the value of the credit. The table shows that the deduction is worth relatively more to higher income earners; the credit, by contrast, provides the same benefit to all income levels because it is a flat-rate amount. Its value does not vary in relation to

TABLE 10

Tax Savings from the Disability Deduction and Disability Credit, Single Person, 1988

Earnings	*Disability Deduction*	*Disability Credit*
$ 10,000	$ 784	$ 853
15,000	784	853
20,000	784	853
25,000	784	853
40,000	1,200	853
89,000	1,338	853

Source: Calculations by the National Council of Welfare.

Despite this moderate improvement, there are still major problems with respect to current benefits provided through the tax system. These relate to the non-refundability of the credits, the list of items that are deductible as medical expenses and the need for a work-related credit or deduction.

Because the new credits are non-refundable, persons who are too poor to pay tax will receive no benefits at all via the tax system. This is especially unfair because of the fact that they may have had to pay significant amounts in disability-related expenses.

The working poor are hit hardest by the tax provisions. Welfare recipients obtain many of the items and services they require through the special provisions of social assistance. The minority with higher incomes will benefit from a deduction as well as a credit. However, Canadians who earn low incomes and have to pay for the items themselves will receive little relief from the tax system.

In many cases, the amount of the deduction (now credit) hardly compensates individuals for the true cost of disability. A brief presented to the House of Commons Committee on Finance and Economic Affairs pointed out that persons who are disabled may incur such high costs that they are often left with disposable incomes that fall below the poverty line.[22]

For example, these individuals can easily incur $31,000 of extra costs a year — $21,000 for attendant care, $1,300 for purchase and

maintenance of wheelchairs and other assistive devices, $1,800 for routine medical expenses and supplies, $4,700 for special transportation, $1,100 for home renovations, and $750 for miscellaneous costs.

Persons with a disability who earn $45,000 and who spend $31,000 on special equipment and care pay $4,000 in tax after deductions. (This amount is high considering that 63 percent reported an income of less than $10,000 in 1986.) They are left with $9,940 to spend on food, rent and other necessities. This "disposable income" is $1,139 below the poverty line (in 1987, $11,079 for a single person in a major metropolitan centre). Non-disabled single persons earning the same amount pay tax of $13,000 and have $31,900 to spend on everything else.

The presenters pointed out that under tax reform persons who are disabled will have about $400 more to spend. They end up with after-tax disposable income of about $10,400. Canadians who are not disabled are left with $33,000 compared to $31,900 before the tax changes. The discretionary income of the latter group of taxpayers rises quite substantially under tax reform while that of persons who are disabled goes up by only a slight amount.

The presenters recommended a 100 percent credit for disability-related expenses. The latter would include monies spent for items and services not provided through social service or health-related programs. A 100 percent credit was proposed because these expenditures are necessary for survival; they are not incurred for frivolous purposes. A more adequate credit would recognize the true (high) costs of disability.

Yet another difficulty experienced by persons who are disabled is the fact that a percentage of medical expenses (now credit) can be deducted for expenses in a prescribed list. There are, however, many items and services currently being used that are not on the list. For example, someone with a hearing impairment might require an interpreter; a person who is visually impaired may need to pay a reader.

Often it takes many years for a particular service or item to receive administrative approval. By that time, a device or piece of equipment may be obsolete. Procedures regarding the approval of tax-deductible items are not keeping pace with rapidly changing technology. Instead of a fixed list that always lags behind developments in the "real world," generic guidelines or definitions that incorporate a broad range of items and services would be more appropriate.

Canadians who are disabled experience yet another problem vis-à-vis the tax system. Tax reform has eliminated the $500 employee expense deduction. For persons with any form of disability, this amount was already unrealistically low. Its complete removal will negatively affect those employees who must incur disability-related expenses for equipment, services or special transportation in order to participate in the paid labour market. (The White Paper on Tax Reform claims that this loss will be compensated through the increased basic personal credit.)

At the current time, any expenditures that enable individuals to be competitively employable are not treated as medical expenses and are therefore not deductible. By the time these expenses are paid, employees may be no better off than if they collected welfare. A work-related expense credit or deduction for persons who are disabled would help meet true living costs as well as provide an incentive to work.

A related option is to expand the definition of the disability credit to include the wide range of work-related expenses that an employee who is disabled might incur. The tax system levies taxes on the basis of net income. The net income of employees who are disabled should be calculated on a broader set of criteria that take into account the cost of special work-related items.

It should be noted that the tax system can be used for promoting employment opportunities for individuals who are disabled. Credits or deductions for accessibility modifications or purchase of special equipment might act as an incentive for employers to hire these persons.

Some provinces also provide tax credits to low-income individuals or families. Quebec, for example, has a Real Estate Tax Refund. There are both Property and Sales Tax Credits in Ontario. A Cost-of-Living Tax Credit and Property Tax Credit is paid in Manitoba. (Relevant provincial tax credits have been incorporated within social assistance recipients' total annual income shown in Tables 5 and 6.)

OTHER INCOME PROGRAMS

There are other programs of income support for persons who are disabled. While important, these programs are not highly relevant to individuals who are intellectually impaired. For this reason, these programs will only be briefly described here.[23]

Workers' Compensation

Between 1915 and 1977, Workers' Compensation programs were established in each province and territory to protect members of the labour force from loss of income resulting from injury or disease related to their employment. Each province has its own set of rules that govern the industries required to provide Workers' Compensation coverage.

This program is an important source of income support for persons who become disabled at or as a result of their work. However, employees who have an intellectual impairment, in particular, would not be eligible for benefits provided under this program unless they were no longer capable of working as a result of a job-related injury or illness.

War Veterans' Allowances

Pensions are available to members or former members of the Canadian Armed Forces who are suffering from a disability. The disability must be the result of an injury or disease attributable to military service in

war or peace. Additional benefits may be payable on behalf of a pensioner's spouse and children (some children who are intellectually impaired are beneficiaries of this program of income support). The children must be unmarried and under age seventeen or seventeen to twenty-five years of age and attending an approved educational institution. Eligibility is not affected by the amount of assets or income available to the applicant.

Private Pensions

There is an enormous range of income security programs administered by private insurance and trust companies. Canadians who contribute to private retirement pension plans either through their employers or through RRSPs (Registered Retirement Savings Plans) are eligible for benefits upon retirement. There are also private plans that insure against disability; these would not be relevant to persons with an intellectual impairment unless they sustained some form of injury or acquired an illness unrelated to their impairment. They would not qualify for benefits on the basis of the congenital disability alone.

POLICY OPTIONS

DISABILITY-RELATED PROBLEMS

The preceding section described the variety of income support programs currently in place to assist Canadians who are disabled. The section also identified the difficulties that these persons may experience when they apply for assistance, when they are recipients of certain programs and when they change sources of income support. Problems arise in relation to eligibility criteria, discretion, equity and adequacy.

Eligibility Criteria

As previously discussed, persons with an intellectual impairment are generally ineligible for benefits from social insurance programs such as the Canada/Quebec Pension Plan or Unemployment Insurance. Receipt of benefits from the latter programs is predicated upon labour force attachment. The individuals with an intellectual impairment who do qualify for these programs derive only minimal benefits because these are calculated as a percentage of work-related earnings.

This means that most individuals with an intellectual impairment who are under age sixty-five are dependent upon the welfare system—the income support program of last resort. The earlier discussion on social assistance highlighted several problems pertaining to eligibility including the implications of labelling people as "permanently unemployable" and the "locked-in" mentality to which this classification gives rise.

Another eligibility problem relates to the value of liquid assets. Applicants are required to divest themselves of most of their cash and other resources to qualify for welfare. The liquid asset rules do not allow recipients to accept (without penalty) even minimal financial assistance that families may be able to provide to help marginally improve living conditions.

Perhaps the most significant problem regarding eligibility for welfare in particular arises not in relation to basic income assistance but around special assistance. Special allowances in the form of extra cash are provided to individuals who qualify on the basis of a budget deficit.

Eligibility criteria for income "in kind" such as medication or attendant care vary by province and service. The provision of many of these benefits and services is linked to level of income. As a result, recipients may be locked into a particular income system or implicitly encouraged to reject potential sources of income (e.g., from employment or from family) to retain their eligibility for certain goods and services essential for daily living.

Discretion

Because most persons with an intellectual impairment rely upon social assistance as a major source of income support, they are dependent upon a system in which administrative discretion plays an important role. There is no automatic entitlement; applicants must qualify on the basis of complex and extensive rules. Individual welfare workers decide whether any type of extra or supplementary assistance will be provided.

Many individuals who are disabled object to the use of discretion to determine their needs. They feel that there should be greater recognition of their right to assistance because of the inevitably higher costs of living resulting from a disabling condition.

Equity

The discretionary aspect of the welfare system invariably gives rise to inequities in the way individuals are treated. Recipients who live in the same municipality and whose needs are relatively comparable may receive different benefits depending upon how their needs are assessed by individual welfare workers. The disparities are even more pronounced among recipients in different regions of a province and are

especially great throughout the country.

The disparity is due not only to discretionary judgments but also to variations in local economic conditions and in the welfare systems. There are, in effect, twelve welfare systems in Canada, even though this program of income support is often erroneously referred to as a single entity with a centralized structure.

There is yet another problem in relation to equity. Recipients must depend upon a highly disparate provincial system of income support that has few strings attached to the "fifty-cent dollars" provided by Ottawa. One of the only standards the federal government imposes is the requirement that all provinces have in place an appeal system that allows beneficiaries to question decisions made with respect to their particular case. (The other standards are that a needs test must be administered to determine eligibility and that there be no residency requirements.) This "protection" is relatively minor considering that most provinces set out few criteria concerning the background and expertise of appeal board members. In some provinces, only current beneficiaries have access to this process and applicants have no right to appeal.

Adequacy

Finally, there are problems pertaining to the adequacy of certain programs of income support. As previously indicated, the small percentage that may contribute to social insurance programs derive only minimal benefits because of the low base (i.e., their earnings) upon which these benefits are calculated.

Individuals who depend upon social assistance for their support live below the poverty line. The effect of low rates is exacerbated by the failure of some provinces to index welfare benefits in relation to changes in the Consumer Price Index.

The discussion on "Assistance to Families" indicated the inadequacy of the various benefits in relation to the very high costs that may be incurred by families caring for children who are severely disabled.

Finally, the Old Age Security pension alone is an inadequate source of income for most seniors; in 1986, 50 percent of all OAS recipients also qualified for a Guaranteed Income Supplement.[34] Even though the value of these combined benefits has increased in recent years in both absolute terms (the base rate of the benefit) and relative

terms (in relation to increases in the cost of living), these increases have still not wiped out poverty among the aged population. In 1986, one elderly Canadian in five lived below the poverty line.[25]

In summary, most individuals with an intellectual impairment must depend upon a fragmentary system that is discretionary and that has few national standards regarding adequacy. These shortcomings represent the difficulties that have been experienced by persons who have some form of disability. Yet the entire system of income security in Canada, including those programs intended for other segments of the population, is also plagued by a host of problems. These are described below.

GENERAL INCOME SECURITY PROBLEMS

Complexity

One of the major problems with the income security system is that it is a patchwork of individual programs, each of which is directed toward addressing the needs of a different population. Eligibility criteria vary greatly depending upon the program.

In some cases, the eligibility criteria are demographically based; individuals qualify for benefits on the basis of some characteristic such as age (e.g., Old Age Security) or parenthood (e.g., Family Allowance). Eligibility for other programs is based on cause. Unemployment Insurance and Workers' Compensation, for example, provide benefits to workers whose earnings have been interrupted by illness or accident, respectively. Still other programs provide assistance according to level of income (e.g., the Child Tax Credit, the Guaranteed Income Supplement) or extent of need (e.g., social assistance). This means that each program has not only a unique set of eligibility criteria but also extensive sets of rules and procedures to guide its administration.

The complexity arising from variable eligibility criteria is compounded by the diversity of auspices under which these programs are sponsored. Some programs are federal (e.g., OAS/GIS/SPA); some are provincial (e.g., top-ups to the federal Guaranteed Income Supplement); still others are cost-shared by the federal and provincial governments (e.g., social assistance).

Social insurance programs, such as the C/QPP and UI, are financed through employer/employee contributions and are federally administered (except for the Quebec Pension Plan). There is also a range of private pension and disability insurance schemes that supplement the benefits individuals receive from publicly administered programs.

The complexity of the system is the result of its historical legacy; it evolved in a piecemeal fashion in response to economic and social conditions (e.g., the Depression, accidents arising from industrialization).[26] However, the fact that the diversity can be easily explained does not make the resulting patchwork any easier to understand.

Interface

The individual programs that comprise the patchwork cannot even be described as a "puzzle" because many of the component pieces do not fit neatly together. Problems arise around the interaction among the programs. Some of these interface problems were earlier described. For example, the credits introduced through tax reform result in increases in net income (because the previous exemptions and deductions are no longer allowed). While marginal, these increases in net income may adversely affect the eligibility of some families for benefits from income-tested programs such as the Child Tax Credit or provincial income supplementation schemes.

Improvements to certain allowances or pensions may inadvertently influence an individual's entitlement to social assistance or special allowances if the increase in the former eliminates their budget deficit. As described, there is a two-week waiting period before UI benefits are paid to eligible claimants. Those who require assistance in the interim may be entitled to welfare, depending upon provincial rules regarding the provision of interim or emergency assistance.

Inequities

Variable eligibility criteria combined with diversity of auspice create the perfect conditions for inequities. These arise along a number of dimensions. First, provincial administration automatically introduces great disparity among various regions of the country with certain provinces providing more generous benefits than others. Yet it is precisely these latter provinces with poor economic conditions that

must support a large unemployed population.

Inequities arise as well from the fact that there are both public and private programs of income support. Generally, only individuals with higher incomes can afford to purchase private insurance or make contributions to plans such as RRSPs (Registered Retirement Savings Plans). In addition, large corporations or workplaces often provide additional benefits in the form of higher wages and other health and social "programs" such as disability insurance and retirement pensions. In short, provincial administration as well as public/private auspices reinforce both regional and economic disparities.

Disincentives

Canada's income security system has been criticized not only on the grounds that it is complex, disjointed and inequitable but also because many believe it creates disincentives to work. There are several facets to this argument. On the one hand, some programs such as social assistance have high "tax-back" rates on outside earnings. Rules in various provinces spell out the amounts by which welfare cheques must be reduced for every dollar of outside income earned by recipients. Some say these rules (earnings exemption guidelines) are too restrictive; there is little incentive for welfare recipients to work if most of their income must be returned to the welfare department.

Other critics claim that the very existence of income security programs discourages individuals from seeking employment. These programs, especially the welfare system, are seen as a security blanket rather than a safety net. If these programs were not so readily accessible (except of course for persons so severely disabled that they are unable to work), Canadians would be more self-supporting and would rely less on the state.

Ineffectiveness

Perhaps the most strident criticism of Canada's income security system is the fact that it is ineffective. In 1985-1986, social security expenditures totalled more than $45 billion.[27] This sum includes the amounts spent on income programs such as the Family Allowance, Child Tax Credit, Old Age Security pension; social insurance programs such as the Canada/Quebec Pension Plan, Unemployment Insurance and Workers' Compensation; cost-shared programs such as social assis-

tance; and provincial tax grants and income supplements. This figure does not include the tax expenditures on "benefits" such as the personal exemption, the children's exemption, and the spousal and equivalent-to-married deductions (these exemptions and deductions are now tax credits), nor money spent on private programs (e.g., RRSPs, private pensions, automobile insurance).

Despite the significant amount of money being directed to income security programs, there are still a large number of Canadians who are poor. In 1986, the latest year for which data are available, there were 3.7 million Canadians who were poor, including more than a million children under the age of 16.[28] In summary, the income security "system" in Canada is comprised of a myriad of public and private programs. These provide benefits to individuals who may qualify on the basis of demographic factors, cause, income or need. The system is complex, uncoordinated, inequitable, has built-in disincentives and has been ineffective in wiping out poverty. For persons with any form of disability, these general problems are exacerbated by the difficulties earlier described in relation to eligibility, discretion, equity and adequacy.

Because of this wide range of problems, it is not surprising that the income security system has been subject to ongoing scrutiny and numerous reviews. Proposals for reform fall into two major categories: incremental reform and comprehensive reform. Incremental reform calls for moderate and gradual changes to improve the existing network of programs. By contrast, proposals for comprehensive reform call for a major restructuring of the current system.

INCREMENTAL REFORM

Proposals for incremental reform are predicated on the assumption that the current system of income security will likely (and possibly should be) with us for many years to come. Despite its numerous problems, vested interests that hold it in place. Any move toward fundamental modification would meet opposition from a number of sources.

Private insurance companies, for example, represent a strong lobby for maintaining the status quo. They would oppose any encroachment on their "territory" in the form of expanded public plans in areas such as disability coverage. Another form of opposition might come from the thousands of Canadians who currently derive their own income from the administration of various income support programs.

Business opposition to comprehensive reform relates to cost, competitiveness and work incentives. Business is already concerned that the contributions they make to existing social insurance programs are too high. These costs must be passed on to the consumer, making Canadian goods and services more expensive and less competitive in relation to those from other countries. While business would not necessarily oppose a rationalization of existing programs, it would certainly be against any options that would require increased employer contributions or enhanced eligibility for employable persons.

The latter objection relates to the disincentives concern. When workers do not have to rely exclusively upon the labour market for their

income, they can be more selective about the employment they choose to seek or accept. Business would argue that this rations the available labour pool and could drive up wages. Any reform that would make income security programs more readily accessible would likely be resisted.

There are also fears among members of the general public that some form of "guaranteed income" would lead to a state-supported nation; individual responsibility and self-reliance would be discouraged.

Finally, there are concerns that a more comprehensive income security system would be very expensive. Costs would certainly rise if current benefits in all programs were raised in absolute and/or relative terms. Yet some of the increased costs can be reduced through improved targeting of benefits and simplified administration. Whether a more comprehensive system would require a significantly higher public expenditure cannot be determined out of context; costs would depend upon program design, levels of benefits, numbers of potential recipients, take-up rates and the complexity of the administrative mechanisms required to run the system.[29]

In short, a major overhaul of income security in Canada would entail significant economic and political changes that many feel are not likely to happen in the near future. The proponents of moderate reform are concerned with improving the standard of living for the millions of Canadians currently deriving benefits from the myriad of income support programs.

The opponents of incremental change contend that minor improvements serve only to reinforce a poorly integrated and ineffective system. Rather than simply "tinkering" with the existing patchwork, major reconstruction is required.[30] It is only through reformulation that problems relating to complexity, discretion, equity, adequacy and effectiveness can be addressed. Several proposals for comprehensive reform of the income security system have been made by national committees, organizations and commissions; a summary is presented in the next section.

There are a number of ways in which existing income support programs could be improved, particularly for individuals with an intellectual impairment. Because most rely on welfare, changes to the current welfare system would represent a very important step in

incremental reform. Proposals for such reform were put forth in a recently published report on welfare in Canada; for this reason, only the major parameters of required reforms are outlined here.[31] The recent report of the Ontario Social Assistance Review Committee recommended immediate improvements to the system as well as long-term change (see discussion on Comprehensive Reform).[32] Improvements can be made to virtually all the components of the system previously described: eligibility criteria, liquid asset exemptions, rates of assistance, special assistance and earnings exemptions.

With respect to eligibility criteria, the label of permanently unemployable should be reconsidered to allow for the provision of employment-related support services for all welfare recipients. Individual initiative should not be discouraged; rather such potential should be enhanced by the system.

The higher cost of living associated with a disability should be explicitly recognized through the establishment of special categories of assistance for individuals who are disabled. The GAINS-D program in Ontario, the GAIN for the Handicapped program in British Columbia and the AISH program in Alberta are prototypes. It should be noted that the first two programs are still part of their respective provincial welfare systems; AISH is the only income-tested program of financial support for persons with a disability.

Individuals who are disabled and who have some potential to move off the welfare system should be encouraged to do so with the knowledge that the safety net will be there if required. Recipients with a disability should be reassured that their eligibility for social assistance will be re-established, and at previous rates, if their job-seeking efforts are not successful.

In the area of liquid assets, the limits should be increased to take into account the higher costs of living arising from a disability. Liquid asset exemptions should be more equitable throughout the country to reduce the disparities in current exemption levels.

Rates of assistance should be more adequate in both absolute and relative terms. In an "absolute" sense, their level should be raised to a reasonable level of adequacy — at least to the Statistics Canada low income cut-offs. Cost-sharing should be contingent upon the existence of national standards below which rates of assistance should not fall. In a relative sense, these rates should be indexed on a regular basis to keep

pace with increases in the cost of living.

There should be less variation in benefit levels to minimize the great disparities in provincial rates of assistance. The definition of basic rates should be expanded to include necessities such as transportation and a telephone.

Many improvements can be made in the area of special allowances. The provision of these should be made more standard from province to province. Allowances should be provided in all provinces for needs such as moving costs or tenancy deposits.

Finally, earnings exemptions should be modified to allow recipients to keep more of the money they earn from work-related sources. Disparities in earnings exemption levels should also be reduced.

Assistance to families caring for children who are severely disabled is another area in which improvements are required. The preceding section highlighted problems in relation to availability and adequacy. Not all provinces provide financial assistance to families to compensate for disability-related costs. In those provinces that do provide such assistance, the amounts are relatively low (for example, a monthly maximum of $97.73, $275, $300 and $369 in Quebec, Ontario, Nova Scotia and Newfoundland, respectively) in relation to the high costs these families may incur. (It is important to note, however, that some provinces such as New Brunswick pay higher amounts and other provinces such as Alberta reimburse actual expenditure for services purchased.)

There is a need for more financial assistance to families caring for dependents who are severely disabled. Assistance could take the form of direct payments as provided by current programs or indirect payments in the form of a refundable tax credit. "Payment" in the form of a credit as opposed to a deduction is more helpful to lower income families; refundability would ensure that families too poor to pay tax would also receive a benefit.

Finally, many changes could be made to the tax system to improve income support for persons who are disabled. The disability credit could be made refundable. The guidelines for claiming expenses under the medical expenses deduction could be made generic rather than explicit. Work-related expenses could be included as a deductible item or incorporated within an expanded disability credit.

COMPREHENSIVE REFORM

In contrast to the proposals for incremental changes to the income security system, several commissions and organizations have made proposals for more comprehensive reform. These proposals are based on the assumption that there are fundamental flaws in the current system. While minor tinkering may bring about modest improvements, the basic problems relating to complexity, discretion, equity and adequacy will remain.

Described below are several proposals for comprehensive reform of the income security system. This description is not exhaustive; rather, its purpose is to provide an overview of the major contributions to the public debate on this issue.

Social Security Review

One of the most important Canadian initiatives in this field was the Social Security Review undertaken between 1972 and 1975 by the federal and provincial governments.[33] Although six options for income security reform were considered, one proposal was favoured over the others. The preferred option proposed an integrated system of income security comprised of two tiers: a support tier and a supplementation tier.

The support tier was intended for Canadians considered to be unemployable such as individuals who were aged or disabled. This tier

would have replaced the existing welfare system. Eligibility for a support benefit would be based on an employment availability test administered by provincial governments. This arrangement is somewhat analogous to current eligibility criteria in which applicants who are disabled qualify for welfare on the basis of provincially set definitions. The support tier would be cost-shared by the federal and provincial governments on a 50-50 basis.

The proposed amount of the support benefit was $1,700 for adults and $700 per child. A family of four would have received a support benefit of $4,800 — $3,400 for both parents and $1,400 for the two children ($11,794 in 1988 dollars).

If the unemployable recipients were able to earn casual income from a work-related source, the amount of the support benefit would be decreased or "taxed back." Tax-back rates are an important component of any income support program. It is neither politically nor economically acceptable for governments to transfer money to individuals and families without taking into account what they may be earning or receiving from other sources. A tax-back is based on the assumption that if individuals are able to earn a certain amount of income on their own, then they require less money from the government than persons unable to earn those extra dollars. The amount of assistance received from government is therefore reduced.

For the support tier, the review proposed a tax-back rate of 75 percent. This means that the benefit would decrease by $ .75 for every dollar earned independently by recipients up to $4,800. They would keep only $ .25 for every dollar of outside income.

The second component of the proposal was a supplementation tier. This was a critically important component because it would have filled a major gap in the current income security system: the lack of assistance to Canadians who derive their income from work and yet remain too poor to make ends meet.

Eligibility for the supplementation tier would be based on an income test. Canadians with incomes below a certain level would qualify for income supplementation. They would be eligible to receive a maximum benefit of $100 per month ($246 in 1988 dollars). The actual amount of the benefit would vary by province. The supplementation tier would be cost-shared by the federal and provincial governments on a 67-33 basis, respectively.

The benefit would be subject to a 33 percent tax-back. For every dollar earned, the supplementation cheque would be reduced by $0.33, allowing workers to keep the remaining $0.66.

The proposed support/supplementation program would have been separate from social insurance programs such as C/QPP; the latter would remain intact. Provincial benefits for special needs and emergency assistance would also be retained; these would be paid as a "top-up" to Canadians whose needs exceeded the basic support payments provided under the new scheme.

The major strength of this option is that it would have provided financial assistance to the working poor. It would also have unified the income security system (although there would still be inequities because of variations in provincial rates and discretion arising from the application of provincial employability testing).

The Social Security Review proposals for a support/supplementation system were never implemented. The federal and provincial governments were unable to agree to a concrete plan and the oil crisis of the mid-seventies put a financial damper on costly new social programs.

Macdonald Commission

Almost a decade later, the Royal Commission on the Economic and Development Prospects for Canada revived the concepts that had been put forth in the Social Security Review of the early seventies.

The Commission noted the deficiencies of the current income security system and the problems relating to its complexity, equity and adequacy. It put forth a proposal for a revamped system of income security.[34] The option was formulated on the basis of the following objectives: (1) simplification of the current system, (2) provision of increased support for lower income Canadians, (3) improvement of work incentives, and (4) reform of the system through fiscal neutrality (i.e., no net increase in cost).

The Commission was also concerned about the fact that in certain parts of the country, Unemployment Insurance has assumed the function of a support benefit rather than the insurance benefit it is supposed to be. The purpose of UI is to provide temporary protection from work-related "hazards" (sickness, unemployment); it is not intended to act as a source of ongoing financial support.

The Commission's proposal for income security reform consists of a two-tier income system that would have supplementation and support components. The heart of the proposal is a federally administered and funded "core income" (the Universal Income Security Program) for all Canadians. It could be delivered either as a direct transfer payment (like the Family Allowance or Old Age Security pension) or indirectly through t'.e tax system (like the Child Tax Credit). Two variants of the core income were proposed.

The first option (Option A) would provide a core income of $2,750 per adult (and for the first child in a single-parent family) and $750 per child for every Canadian family. The basic core income for a single person over age sixty-five, however, would be $3,825. This would be paid in addition to current OAS benefits. Under Option A, a two-parent family with two children would receive a payment of $7,000 per year as a core income ($8,225 in 1988 dollars).

Option B is similar to the first proposal, only it is more generous in the proposed amounts. Each adult (as well as the first child in a single-parent family) would receive a core income of $3,825 per year and $765 for each child. Under Option B, a two-parent family with two children would receive a core income of $9,180 per year ($10,787 in 1988 dollars).

To help pay for this core income, the Commission recommended the abolition of several major programs including the Family Allowance, Child Tax Credit, Guaranteed Income Supplement (not the Old Age Security pension), the married and child exemption, the federal contribution to social assistance programs under the Canada Assistance Plan and federal social housing programs. The savings would be rolled over into the proposed Universal Income Security Program. The personal tax exemption would also be eliminated to fund the second, more generous option.

The Commission proposed a tax-back of 20 percent on this core income. For every dollar earned, the government benefit would be reduced by $ .20 and individuals would be allowed to keep $ .80. Again, a tax-back was introduced to take into account recipients' financial status. In this case, the tax-back was set at a low level to provide a financial incentive to work. A low tax-back means that workers can earn income from outside sources without incurring big losses to the core income provided by government.

Because the core income would be provided to all individuals and families, its actual value is relatively low. A larger benefit would result in high aggregate costs, making the program politically and financially unviable. The fact that the core income is low means that many Canadians, especially those with any form of disability, would require additional income to meet their basic living needs.

To respond to these needs, the Commission proposed a "support" tier in the form of a provincial top-up to the guaranteed core. This top-up would be funded from the monies that are directed toward cost-shared social assistance. The amount of the top-up was calculated to be in the order of between $3,500 and $4,500 a year, estimated on the basis of the amounts of assistance currently paid ($4,113 and $5,288 in 1988 dollars).

The top-up would be subject to a higher tax-back than the core income. For every dollar of outside income that recipients of the top-up earn, their benefit would be fairly substantially reduced. The top-up would be subject to a higher tax-back rate than the core; encouraging the work incentive through a lower tax-back was seen as unnecessary for persons considered to be unemployable. Costs can be reduced by retrieving a higher percentage of work-related income.

A series of changes to the UI program were also recommended including the elimination of all regional and special benefits and a reduction in benefit levels from 60 to 50 percent of insurable earnings. The resulting savings would be transferred into a Transitional Adjustment Assistance Program that would support training and wage subsidies for individuals who were unemployed on a long-term basis.

Forget Commission

The Forget Commission of Inquiry on Unemployment Insurance also recommended sweeping changes to this income program[35] as well as some form of wage supplementation scheme. Although these proposals comprise an integral component of the discussions of income security reform, they will not be considered here because UI is not a major program of income support for persons with an intellectual impairment. As previously indicated, most of these individuals do not claim UI benefits because their receipt is predicated upon attachment to the paid labour force.

Wolfson Proposal

While the Macdonald Commission options would simplify the current system of income security, analysis of its potential impact shows that the reforms, if implemented, would have a number of unintended side-effects. For example, work incentives for middle-income earners would be adversely affected even though the intention of the Commission was to improve these incentives. On an aggregate level, many Canadians in the middle- and upper-income ranges would lose money to allow more to be provided to low-income Canadians.

Another paradoxical effect of the Commission proposals is that the poorest 10 percent of the elderly would actually experience a decline in their disposable income. This would result from the Commission's recommendation to tax back the Old Age Security pension; that is, the amount of this benefit would be reduced for every dollar of outside income. (Note again that this is different from taxation; OAS is currently a taxable benefit.)

Wolfson's analysis finds that these unintended anomalies arise principally because the Commission failed to integrate its proposals with the income tax system, which has a substantial impact upon the after-tax value of any benefit.[36] In response to this particular weakness, Wolfson put forth an option for comprehensive reform of the income security system. The proposal builds on the core income concept but links it directly to the tax system to take into account the interactive effect of the tax and transfer systems. His option is referred to as the GI/ST or Guaranteed Income/Simplified Tax model.

Under this option, several programs (both direct and tax-delivered) would be abolished to finance a federally funded core income benefit. Wolfson assumes, as did the Commission, that provinces would redirect the funds currently being spent on social assistance into a support benefit or top-up to the federal core.

He then suggests additional modifications including abolition of tax measures such as the age exemption and the pension, investment and employment income deductions. Perhaps the most substantial change is his proposal to abolish all tax brackets on the basis of which income is (used to be) taxed and to replace them by a single federal rate of 30 percent.

Analysis of the aggregate impact of the Wolfson proposal shows that it would be better targeted than the one put forth by the Macdonald

Commission. Under the Wolfson option, more money would be directed from upper-income to lower-income Canadians. The middle class would not be hit as hard. The tax and transfer systems would be more closely integrated; this would help ensure that improvements to the latter system are not inadvertently lost through interaction with the former system.

Kesselman Proposal

One of the background studies carried out for the Macdonald Commission put forth a proposal for income security reform based on employment programming.[37] The option involves the categorization of individuals on the basis of their ability to work. The proposed system would provide assistance to the working poor in the form of a work-related benefit. This benefit could be a wage subsidy, training grant or employment tax credit. Special public or subsidized employment would be made available for unemployed workers.

Kesselman proposes a lower guaranteed income than that put forth by the Macdonald Commission. He recommends a core benefit of $1,200 per adult and $720 per child ($1,356 and $814 in 1988 dollars, respectively). There would be no tax-back applied to this core or first tier.

An additional form of support is proposed for family units for whom the combination of the guaranteed core and employment-related and transfer income is not adequate to meet their needs. In this case, a family member would be certified as eligible for supplemented employment in the form of a wage subsidy in the private sector or a public works job in the public sector. It is only in the event that no such employment can be found that supplementary cash benefits would be provided.

Canadians considered to be unemployable — such as individuals who are severely disabled, elderly persons or single parents with child care responsibilities — would receive a benefit in the form of a refundable tax credit or "negative income tax." The benefit would be taxed back at a high rate since work incentives are less relevant for a population considered to be unemployable than for one that is able to work. Disability, in particular, would be assessed on the basis of standard physical and psychological tests; where appropriate, individuals with a disability would be referred to sheltered workshops to

supplement the government benefit.

Canadian Council on Social Development

In 1986, the Canadian Council on Social Development (CCSD) undertook a major review of employment and income security policy and programs in Canada. The first part of this "Work and Income in the Nineties" (WIN) study focused on income security reform. The Council proposed a major strategy that includes both long-term goals as well as steps that can be taken in the short-term to reach these goals.[38]

The overall objective this proposal seeks to achieve is an adequate standard of living for all Canadians. The latter refers to a sufficient level of income (the CCSD poverty line); expanded employment opportunities and definitions of work; sufficient compensation for work; and availability of social insurance and a range of social services. While full employment is an integral component of the reform package, this discussion will focus upon the income components of the proposal.

The proposals for income security reform, in particular, were formulated on the basis of several guiding principles. These include, but are not limited to, the need to: 1) supplement the incomes of the working poor; 2) provide an adequate income for Canadians who are unable to work; 3) provide support to Canadians who perform unpaid work; 4) ensure adequate incomes when these are interrupted; and 5) ensure greater fairness and equity in pay rates.

The proposal for reform consists of three major components: a core income for Canadians, an improved social insurance system and changes to labour legislation. Only the first component is discussed here.

Like the Macdonald Commission, the CCSD recommends that there be a core income in Canada that would operate parallel to the existing network of social insurance programs such as the C/QPP and UI. The latter would not be dismantled but would be improved to minimize their current weaknesses.

The core income would provide basic support to individuals who perform unpaid work as well as to persons who are unable to work. It would also supplement the earnings of low-income Canadians. The core would be administered through two components that are analogous to the OAS/GIS configuration. There would be a universal, flat-rate component and an income-tested supplement.

The universal, flat-rate component would provide a benefit of approximately $3,500 per dependent to all households with dependents ($3,800 in 1988 dollars). In two-parent households, this universal payment would be divided equally between the adults. Because this component would be made available without regard to income, it should be a taxable benefit. The tax system would, in effect, perform an "after-the-fact" income test.

The second component of the core income is a "before-the-fact" income-tested benefit. Only Canadians with incomes below a certain level would qualify to receive the benefit. The income-tested component would ensure support for all adults, whether they had dependents or not. The amount of the benefit would be set at the CCSD poverty line for a single person ($11,370 in 1988).

The benefit would not be taxed by Revenue Canada but would be subject to a special tax-back at a rate of about 30 percent. That is, it would be reduced by $.30 for every $1 of outside earnings. Benefits would be provided until income reached approximately $37,900. Beyond this income level, eligibility would end.

The proposal also has a number of features that ensure the economic protection of women, particularly those who do unpaid work at home. This protection is derived primarily from the recommended move to an individual as opposed to a family accounting base. That is, benefits would be calculated on the basis of the income of the individuals within a family unit rather than on the income level of that family unit as a whole.

The core income would take the place of a range of existing programs including: the Family Allowance, Child Tax Credit, OAS/GIS/SPA, Veterans' Allowances and social assistance. Additional funds could be obtained through the redistribution of expenditures in the personal income tax system. Revenues could also be generated by increasing the share of tax borne by corporations.

The Council further proposes that current welfare systems be reoriented toward the provision of human services such as employment counselling. These services would not be provided on a needs-tested basis because there would no longer be a needs-tested system of social assistance.

The network of social insurance programs such as C/QPP and UI should remain in place to help those workers whose income is inter-

rupted. By providing long-term support when necessary, the core income would help return these programs — UI in particular — to their original purpose of protecting workers in the event of earnings interruption. The package of reforms also recommends an adequate minimum wage to ensure that Canadians who work for a living earn more than sub-poverty line incomes.

The CCSD recognizes that the proposed core income scheme is unlikely to meet the needs of many Canadians who are disabled and who incur high disability-related expenses. The Council proposes that its core income (both universal and income-tested components) be further supplemented by benefits from a national disability insurance scheme. It would be a contributory plan like other social insurance programs. Benefits would be provided in the event of disability arising from disease, accident or illness. Until such a plan is established, interim assistance could be provided through changes to the tax system.

Analysis of Proposed Options

The proposals for income security reform described above include three major configurations: (1) a program with a supplementation tier for the working poor and a support tier for those who are unemployed; (2) a federally funded and administered Universal Income Security Program (core income) supplemented by a needs-tested provincial top-up; and (3) a federally funded and administered universal core income supplemented by an income-tested benefit.

If implemented, any of these proposals would go a long way toward meeting some of the weaknesses in the current system. The introduction of a more integrated and unified system, whatever its design, would reduce the complexity arising from the current patchwork arrangement. A more uniform scheme would also help minimize disparities among various regions of the country as well as the resulting inequities (although the proposals that allow for provincial top-ups at differing rates are inherently disparate).

Perhaps the greatest strength of these proposals is that they introduce a component that responds to one of the major shortcomings of the current system: the fact that there is very little assistance for the working poor. Only the federal Child Tax Credit and Sales Tax Credit, three provincial income supplementation schemes (in Quebec, Manitoba and Saskatchewan), and tax credits in some provinces provide

support to individuals who earn low incomes. A supplementation benefit is a "remedial" as well as a "preventive" measure to deter individuals from provincial welfare programs. The income security system would no longer have built-in disincentives to work.

Ironically, however, the major strength of these proposals is also their weakness. They tend to focus upon providing financial assistance to *all* Canadians. They want to ensure that every person in this country will have a minimum income "floor" and a decent standard of living. These objectives are important goals and are well worth pursuing. The problem is that some Canadians — in particular, individuals who are disabled — require special attention because of their higher basic living costs.

Their situation is exacerbated by the serious work-related obstacles earlier described. Unlike most Canadians, they are virtually dependent (until work-related obstacles are removed) on public programs of income support. Reliance upon sheltered workshops (see Kesselman) is not an acceptable option (although Kesselman's proposals for an employment-related approach and for a "negative income tax" both have merit). The financial needs of persons who are disabled must be more adequately met—perhaps even before the more general needs of the entire population are addressed.

While the proposals do consider the needs of individuals who are disabled, the options tend to minimize the importance of the support component. The support option proposed by the Social Security Review was not much different from current programs of social assistance.

The Macdonald Commission recommended a provincial top-up to a federal Universal Income Security Program. The top-up would be needs-tested and its amount would be provincially set. Once again, it is unclear as to how this arrangement would be an improvement upon the existing welfare system. Provinces might even tighten up their eligibility criteria, knowing that beneficiaries were receiving some income, however minimal, from another source (the federal core).

The third basic option is the CCSD proposal, which is analogous to the OAS/GIS configuration. Of all the proposals, this is the only one that moves the provision of the support component away from provincial administration to a federally funded benefit. This option has the advantage of unified administration that minimizes both complexities and inequities. However, the proposal does not explicitly address the

needs of persons who incur very high disability-related costs.

The preceding options for reform proposed modifications to large parts of the income security system. The proposals call for the elimination of most of the existing direct transfer programs and some indirect programs (tax expenditures). These funds would be restructured into a new package of benefits, the design of which varies by proposal.

All the options recommended that the current package of social insurance programs remain intact. Several proposals recommended substantial modifications to UI, in particular, to return it to the income protection rather than the support function it has assumed in certain parts of the country.

In addition to these options for *global* reform of the income security system, there is another "stream" of proposals that are concerned with the adequacy of income for persons who are disabled. These options have been put forth to address the specific problems that individuals who are disabled experience with respect to income support programs (see the earlier discussion on Disability-Related Problems).

The perceived need for more focused reform stems from a number of concerns. First, the majority of Canadians who are disabled are poor. Whether their incomes are derived from employment or from another source such as a government transfer or a private pension plan, these incomes are very low.

A second factor is that there is a great disparity between the way financial assistance is provided to persons with a disability and the way it is made available to Canadians who are elderly. The latter are deemed to be automatically eligible for support. Their right is made explicit through the provision of the universal OAS benefit. The GIS provides even more financial assistance to those who require it.

By contrast, individuals who are disabled have no guaranteed right to income support. They receive assistance either in the form of social insurance because they have made the required contribution or in the form of social assistance because they have demonstrated need. Social assistance is not provided on the basis of the fact of disability or on the basis of income (with the exception of the AISH program).

A third problem relates to the provision of disability-related benefits. The amount and type of benefits currently received depend upon where and how the disability occurred. If, for example, the disabling condition was the result of a work-related accident, individu-

als might be eligible for compensation under provincial workers' compensation acts. If the disability occurred as a result of an automobile accident, persons in some provinces might be eligible for benefits under a provincial automobile plan.

Canadians who become disabled as a result of an accident in the home might be eligible for a disability benefit under the Canada Pension Plan. Persons with an intellectual impairment usually receive social assistance. Although the individuals in these varying circumstances may have similar needs, they are eligible for different types and levels of benefit. [39]

Federal/Provincial Comprehensive Disability Protection Program

There is a need to rationalize the system so that persons with a disability are treated in an equitable and consistent fashion regardless of how that disability occurred. In recognition of these concerns, the Parliamentary Committee on the Disabled and the Handicapped (1981) put forth a recommendation for a comprehensive disability insurance scheme and the expansion of benefits under the CPP.[40] The Department of Health and Welfare responded to this recommendation by undertaking a joint federal/provincial study of a comprehensive disability protection program.

The report issued from this study advised against the establishment of a single unified plan.[41] Rather, it proposed that the wide range of needs of persons who are disabled should be met through a system of programs, each of which is designed to accomplish certain objectives. The recommended options fall into two major categories: earnings replacement programs and income support programs.

Within the earnings replacement component, three models are put forth to provide protection for workers in the event of long-term disabling conditions. Because the benefits would be directed toward Canadians who are active participants in the paid labour force, the options would be of little assistance to persons with an intellectual impairment who do not have significant labour force attachments. These individuals would not be eligible to contribute to or derive benefits from earnings-related insurance programs.

In theory, it is possible to consider expanding social insurance programs to include non-earners who are disabled. For example, the

parent of a person who has an intellectual impairment might make extra contributions to an earnings-related program so that the dependent who is disabled would become eligible to receive benefits in his or her own right as an adult (i.e., upon reaching age eighteen).

Such an option is problematic for several reasons. It would place a great financial burden upon many families. For those who could not afford the additional expense, there would likely have to be some form of government-financed contribution to cover the costs of premiums made on behalf of the dependent who is disabled.

In most cases, the level of benefits provided by even an improved earnings-related scheme would not be adequate to meet the wide range of special needs of persons with a disability. Some form of federal or provincial top-up would be required.

The resulting earnings-related scheme would have to include the following components: regular employer/employee contributions; an additional type of premium paid by an employee on behalf a dependent who is severely disabled; a government-financed premium for those who, for whatever reason, were unable to make the contribution; and some form of supplement or top-up. Such a scheme would be administratively complex. It is questionable whether this type of option would be preferable to the income security system currently in place. For this reason, only the income support options put forth by the federal/provincial review will be considered here.

The joint study proposed three options for income support. These options are intended to provide financial assistance to individuals who do not receive adequate income from existing social insurance programs or who do not qualify for these programs at all.

All the options are targeted to low-income Canadians. There is no proposal for a universal benefit analogous to the OAS pension. The federal/provincial task force decided not to put forth this option because of its very high cost. The proposed schemes are all non-contributory — that is, they would be funded through general revenues rather than through employee and employer contributions. All three options assume that the benefit provided would be non-taxable as well as fully indexed to increases in the cost of living.

Under the first option, individuals who are disabled would be provided with an income equal in value to the combined monthly OAS/GIS benefits. The maximum benefit for a single person with no depend-

ents would be the OAS plus the GIS at the single rate. Persons with dependents would receive OAS plus GIS at the married rate. An equivalent amount would be paid for the first dependent and $100 per month would be allocated for each additional dependent. The maximum monthly family benefits would be reduced by $1 for every $2 of other income.

The benefit would be income-tested; it would be provided only to persons who qualify on the basis of low income. The income tax system would be used for the determination of income. Assets would not be included in such a test. The program would be federally funded and administered. However, provinces would be free to provide a top-up as some currently do for elderly residents.

The second option is a variant of the existing welfare system. Under this proposal, individuals who qualify on the basis of a needs test (i.e., the budget deficit earlier described), would receive a basic income guarantee which is at least equivalent to the OAS/GIS. Provinces would set the maximum rates.

The program would be provincially administered and cost-shared between the federal and provincial governments on a 75-25 basis, respectively. The enhanced federal contribution would help cover the additional costs required for ensuring a basic income "floor." Current policies regarding eligibility as well as the provision of special allowances and benefits would remain the same.

The third option put forth by the Task Force was a social assistance "top-up." Under this proposal, social assistance recipients who are disabled would be eligible for an additional flat-rate monthly benefit. The program would be funded and administered by the federal government although the rules regarding eligibility for social assistance would continue to be provincially set.

In short, the income support options are: (1) a federally funded and administered income-tested benefit parallel to the OAS/GIS configuration; (2) provincially administered (but cost-shared) enhanced welfare benefits equivalent to or greater than OAS/GIS; and (3) a federally funded flat-rate allowance for all welfare recipients who are disabled.

There are strengths and weaknesses to all these approaches. A major advantage of the first option is that it is an income-tested benefit. This is a much less intrusive method for determining eligibility than

needs testing. Administration would be simpler and less costly than the existing system. The minimization of administrative discretion would ensure greater standardization throughout the country and thereby reduce current disparities.

The weakness of an income-tested approach is that there is no way of taking into account the fact that some individuals experience very high costs arising from their disability. They may not qualify for assistance on the basis of income alone but would be eligible according to a needs test because their high expenses would result in a budget deficit. The approach to income support becomes a generic one and the attention to individual need is thereby lost. Some form of locally or provincially administered top-up may always be required to "individualize" income support for persons who are disabled.

The second option calls for enhancement of the status quo by raising general welfare benefits to at least the OAS/GIS levels. This option is important in that it recognizes the inadequacy of current social assistance benefits and recommends the establishment of an adequate and nationally accepted "floor." The needs-testing provisions allow for meeting individual needs. The weakness of this proposal is that it retains all the problems inherent in the current welfare system with respect to discretion and inequity.

The third option of a flat-rate supplement to be provided to welfare recipients who are disabled is problematic in a number of respects. While it, too, recognizes the inadequacy of welfare benefits, it does nothing to rectify the source of the problem. It proposes neither changes to the low baseline rates nor regular indexation of benefits in relation to increases in the cost of living.

In addition, there is no guarantee that provinces would not reduce their benefits because of the additional funds provided by the federal government. Provinces can lower benefits directly through lowering rates or indirectly through failure to index these rates. Such reduction is an unwritten practice in relation to increases in federal child benefits such as the Family Allowance and the Child Tax Credit. Provinces take into account the changes in these benefits when they set their own rates of assistance.

While the provision of a flat-rate top-up might make life marginally better for welfare recipients who are disabled, it leaves untouched the real inadequacy problem. In addition, the top-up would do nothing

to reduce current disparities in rates because the flat-rate sum would be added to a highly variable base that would remain uneven throughout the country.

Finally, eligibility for the top-up is contingent upon receipt of social assistance, thereby tying individuals to the welfare system. Persons who might be capable of working would be discouraged from pursuing a job because they would lose not only social assistance and related benefits but the top-up as well. The disincentives inherent in the welfare system would only be exacerbated by a benefit that further locked people into this program of income support.

This analysis of the options put forth by the federal-provincial task force highlights the "tensions" involved in trying to improve the current programs of income support for individuals who are disabled. On the one hand, any move toward a system that is more equitable, less discretionary and less administratively complex loses the ability to respond to special needs. On the other hand, a truly personalized system of income support can only be administered at local levels in which living needs and disability-related costs are taken into account on an individualized basis. Discretion and variability inevitably result.

The Ontario Social Assistance Review Committee

After extensive study of the welfare system in Ontario, the Social Assistance Review Committee issued its report in September 1988. The Committee addressed the problems in the current welfare system including: complexity of the rules regarding eligibility, determination of assets and calculation of benefits; inadequacy of benefits; variability in rates of assistance (especially in Ontario's two-tier welfare system); and inequities arising from administrative discretion.

The Committee put forth 274 recommendations, many of which call for incremental improvements to the welfare system in Ontario. However, the Committee also presented its "vision of the future" in which it set out a blueprint for fundamental reform.

The recommendations for incremental change include simplification of the current system by unifying its two tiers into one level and by reducing the number of categories for determining eligibility. A new Social Assistance Act would replace the General Welfare Assistance and Family Benefits Acts (see Appendix for a description of the Ontario welfare system).

The adequacy of social assistance benefits would be improved through a "market basket" approach and through annual indexation of rates. In the first year of reform, it is proposed that social assistance rates for a single person who is disabled would increase by 10.1 percent.

Shelter subsidies would be redesigned to allow actual shelter expenses to be reimbursed up to an established ceiling based on average costs of shelter in the community in which the recipient lives. An additional subsidy would be provided in those regions with substantially higher shelter costs. The Committee proposed that both the market basket definition and rates of assistance be reviewed every five years by an external committee reporting to a standing committee of the legislature.

With respect to GAINS-D in particular (the benefit to which persons who are severely disabled are entitled), the Committee recommended raising the rates to match the GAINS-A allowance, a benefit provided to Ontario seniors in financial need. In the short-term, the highest GAINS-D rate would be increased to the levels now paid under the GAINS-A program.

Individual capacity for independence would be developed and enhanced through a process called "opportunity planning." Specialized staff would work with individual recipients to develop a plan that would enable each person to get off welfare and into the paid labour market or to live more independently in the community. The Committee suggested that a revised definition of disability be developed that is related more to work capacity rather than an individual's medical condition. A new definition of disability should be more in line with the terminology of the World Health Organization and should consider inability to perform activities or roles.

Proposals for fundamental reform of the welfare system consist of three major components: 1) a children's benefit, 2) income supplementation, and 3) a comprehensive disability income program.

With respect to children's benefits, the Committee noted the inadequacies of the existing child benefits system such as the complexities arising from multiple administration (benefits are currently delivered through eight separate bodies). Eligibility criteria vary; different programs may use a needs test, an income test or no test at all as in the case of the federal Family Allowance. The combined benefit levels from all programs are low and leave many families living in poverty. In 1984,

for example, 16 percent of Ontario residents under the age of eighteen were poor.[42]

The Committee proposed the rationalization of existing programs into one benefit. It would be income-tested and delivered through the income tax system as a refundable tax credit so that even families too poor to pay tax (i.e., the ones who most need the financial help) would actually receive it.

The proposed benefit would be worth $3,300 (in 1988 dollars) per child. Families with incomes up to $15,000 would be eligible to receive the full amount. For families with incomes above that level, the benefit would be reduced by an amount equivalent to 25 percent of the additional earnings or $.25 for every $1 of outside income. Families with two children and incomes above $41,400 would receive no benefits.

The Committee expressed serious concern about the working poor — those people who obtain most of their income from employment-related earnings and still remain poor. Many working poor individuals are even worse off than persons on welfare. Social assistance rates increase with the size of the family unit while minimum wages do not. Welfare recipients may qualify for a variety of social services or may be eligible for a range of special assistance items (income "in kind") for which they would otherwise have to pay. Working poor persons who have similar needs may not be eligible, on the basis of a needs test, for these programs or benefits. They may have to pay a substantial percentage of their low incomes for these goods and services.

The Committee recommended that an income supplementation program be implemented that would build upon the existing Work Incentive Program (WIN) in that province. Only persons in the paid labour force would be eligible for the benefit. The income supplementation program would be "harmonized" with both minimum wage legislation and the social assistance system and would come into effect after changes to the latter system were implemented. (Both income supplementation and a children's benefit would help alleviate the poverty experienced by poor families with children.)

The proposed maximum monthly benefit for the income supplementation program would be $150 a month per person ($1800 a year in 1988 dollars). Workers earning up to $945 a month would be eligible for the maximum benefit. Above that income level, the benefit would be reduced by $.50 for every $1 of outside earnings until $1,245 a month,

at which point the income supplementation would end.

Finally, the Committee proposed a comprehensive disability insurance scheme in recognition of the numerous problems inherent in the current disability income system. These include its complexity as well as the disparities in the levels of benefits provided; calculation of benefits is based primarily upon how and when the disability occurred rather than the extent of need. Persons who have not contributed to social insurance plans or who have inadequate pensions must rely on social assistance — or GAINS-D in the province of Ontario.

The Committee considered social assistance to be an inappropriate program for meeting the financial needs of persons with a disability, who in fact represent approximately 32 percent of the welfare case load in Ontario. It proposed the rationalization of existing disability income programs such as the Canada Pension Plan and Workers' Compensation; private insurers could continue to provide coverage for short-term or temporary disability. The comprehensive plan would provide benefits for disability due to accident, illness or injury.

The disability benefit would be set at a certain proportion of the individual's earnings prior to becoming disabled. The Committee did not recommend an exact percentage. However, it implied that the proposed Australian legislation regarding a disability income system was "instructive." That legislation set the benefits level at 80-85 percent of net average recent earnings. The Committee also suggested that the benefit be fully indexed to the cost of living. The scheme would be financed primarily through employer and employee contributions.

Many persons who are disabled, however, do not and may never have a significant attachment to the paid labour force. They would therefore not contribute to or be entitled to benefit from the proposed insurance scheme. In recognition of their needs, the Committee proposed a complementary program of income support. The amount of the benefit would be equivalent to income programs for the elderly — the Old Age Security pension, the Guaranteed Income Supplement and the provincial Guaranteed Annual Income system for the Aged — GAINS-A (see discussion under Old Age Security/Guaranteed Income Supplement). In January 1988, those three programs together paid a maximum of $763 per month.

Individuals who satisfy the definition of disability would be

eligible for this benefit; they would also have to qualify, however, on the basis of an income test. They would be allowed to earn extra income up to the level of the OAS benefit ($310.66 in January 1988). Above that amount, the benefit would be reduced by $.50 for every $1 of outside income.

In short, individuals who are disabled would be removed from social assistance. While the scheme is similar to the previously described federal/provincial proposal for an income security program with both insurance and support components, the Social Assistance Review Committee moves beyond the earlier proposal in two important ways. First, rather than enhancing the existing welfare system or providing a top-up, the Committee proposes that the new program be entirely separate from social assistance. Second, it suggests a higher level of benefit, moving beyond the federal OAS/GIS maximum rates to include an additional amount equivalent to the Ontario GAINS-A benefit.

The Committee's proposals are important. The system they envisage would still be a complex one because it would have both an insurance and a support component. However, its removal from the welfare system may help reduce the disparities and inequities that arise through the current needs-tested approach so largely dependent upon administrative discretion and individual judgment. At the same time, however, elimination of needs testing would mean that many individuals who are severely disabled and have extensive needs may lose many of the benefits to which they are currently entitled unless these goods and services are otherwise made available.

Another major concern with respect to the proposal is that this "vision for the future" was not formulated as a recommendation; it was only part of a blueprint for how the system might be improved. Questions have been raised about the strength and sincerity of a vision that did not achieve the status of a Committee recommendation.

Individualized Funding

Individualized funding is a concept that grew out of the work of the Community Living Society in Vancouver, B.C. The Community Living Society was spearheaded by a group of parents who advocated the closure of the major institutions "housing" their children. They wanted their sons and daughters to reside in the community and to have choices as to how they lived their lives.

Most of the individuals who had been placed in institutions had special needs that required extensive assistance, equipment and services. To support these persons outside the institutional setting, it was necessary to ensure that sufficient funds could be available to meet the wide range of needs. Thus evolved the concept of individualized funding or allocating dollars to individuals in relation to their specific needs.

Individualized funding is based on the notion that persons who are disabled require income for two major purposes. The first is for basic living needs: food, shelter, clothing and utilities. The second major purpose is to help pay the expenses related to the disabling condition. These vary from person to person and may include, for example, costs for medication, attendant care, special transportation, work-related devices or equipment, and special clothing.

The key to individualized funding is that any income provided to an individual should be based on the total requirements of that person for basic living needs and for disability-related expenses. So far, these principles are no different from the welfare system that operates with its basic and special allowances granted according to individual need.

There are, however, several fundamental differences worth noting. The first is that advocates of individualized funding would like to see the determination of needs and the associated assignment of dollars removed from the direct auspices of the welfare department. This is because welfare workers have a vested interest in keeping needs and associated expenditures at a minimum level. By contrast, the individualized funding approach is predicated on the assumption that the persons who are disabled know best what their needs are; they should therefore play a much greater role in their articulation.

In some models of individualized funding, the person who is disabled is assisted in this needs assessment process by an independent, objective agent called the "broker."[43] The broker helps identify and assign costs to specific needs. The key difference between the proposed and current systems is that the brokers have no interest in minimizing individual needs. At the same time, they know that any requests for what might be considered to be an excessive or unreasonable amount will be rejected by the funding source (i.e., municipal or provincial government).

Under the existi..g system, individuals who are disabled can only receive a special allowance for a disability-related expense if the

province actually provides such an allowance. If it does not, that person receives nothing or must request assistance from a charitable organization such as a service club. By contrast, under individualized funding, any "need" would be covered (in theory at least) if the person who is disabled requires that item or service to live. He or she would no longer have to qualify for certain limited classifications of allowances.

The third and perhaps most significant difference from the status quo pertains to the provision of benefits in kind. Welfare systems provide special allowances as well as benefits in kind in the form of goods or services to recipients who qualify on the basis of a budget deficit. Under individualized funding, the cost of the required good or service would be included as part of the income package. The person would then be free to purchase the good or service rather than receive it via the welfare system. In some pilot projects, however, individuals are required to explore whether they can "tap into" existing generic services before funds are provided for any new services.

The Community Living Society in Vancouver was one of the first organizations in Canada to develop the concept of individualized funding. Their model is based upon a three-pronged approach in which this form of funding is closely interwoven with a brokerage system as well as a fixed point of response.

There are several models of individualized funding currently being tested in various parts of Alberta. For example, the Calgary Association for Independent Living, the personal support project initiated by the Alberta Association for Community Living and the Southern Alberta Individualized Planning Association in Lethbridge have operationalized this concept in their respective communities.

For several years, *L'Office des personnes handicapées* in Quebec has tested a variety of administrative mechanisms for the provision of individualized funding. Ontario has recently set up a pilot project in the Ottawa-Carleton region. A process of individualized funding will be put in place for twenty individuals who have been selected by local agencies according to the critical nature of their needs.

All of the above models differ with respect to how needs are assessed and how funds flow to individuals and services. Sometimes the "individualized dollars" go directly from government to a residence or day program. Questions have been raised as to whether this violates the "pure" notion of individualized funding in which all dollars are sup-

posed to go to the person, who then selects and pays for the service. Because the concept is so new, it is not possible at this point to say which models are implementing the "correct" interpretation. Rather, the field is currently testing out the various approaches to determine their respective strengths and weaknesses.

While individualized funding represents an important option in both the income security and social service fields, there are several implications of this arrangement that must be considered. The first is that such an approach involves a major philosophical shift from treating individuals who are disabled as "recipients" to considering them as "consumers." "Recipients" are dependent upon the system while consumers have "power"; if a particular service is not meeting their needs, they can (in theory) purchase something that is more appropriate.

Naturally, "taking dollars elsewhere" is predicated upon the existence of alternatives. The reality is, however, that services are scarce in many communities throughout the country and individuals would not actually have these choices to make.

Some contend that individualized funding would take care of the service problem. Services invariably arise if there is a "market" and funds available to pay for them. For example, if individuals residing in a rural area were given the funds to pay for attendant care, then they would have the financial means to hire someone who can provide that service.

In this illustration, a service would arise in response to the demand that is "empowered" by the accompaniment of real dollars. The establishment of an attendant care agency would be unlikely in a small community where the need for such a service is not great. But persons with a disability acting in the capacity of employers may stimulate the development of a network of service providers. Thus, a new service is created where one would not have otherwise existed.

Providing dollars to individuals not only requires attitudinal changes with respect to how these persons are regarded; it also entails a fundamental shift in how social services are viewed and how these are funded. Traditionally, it is the *services* that are funded; dollars have been provided for their capital and/or operating expenses. The advocates of individualized funding are calling for the diversion of those funds to the *persons* whom the services were set up to assist.

There are many potential problems that may arise in moving from "supply-side" to "demand-side" funding. Concern has been expressed that services would not exist unless core funding through government sources is provided. There would simply be no services for the individualized dollars to buy. Others contend that individualized funding does not preclude supply-side funding; a certain amount of supply-side funding may always be necessary to ensure the minimal availability of services.

A second problem that has been raised in the debate on this income option relates to the possibility that individualized funding will promote privatization. This refers to the process in which public services are turned over to the private sector. There have been expansions, for example, in the for-profit health care and child care sectors. Many feel that the "insidious" privatization currently underway in the social welfare field would be hastened through demand-side funding. There is great concern as well about ensuring minimum standards in a "free market" system that would not be bound by the accountability requirements attached to the receipt of public funds.

Other questions to be addressed relate to the status of the person who is disabled as an employer. By virtue of the purchasing power afforded through individualized dollars, the person with a disability can actually hire the service provider. Is the individual who is disabled required to act as a "true" employer — e.g., make C/QPP and UI contributions on behalf of the worker? Would these costs be built into the individualized funding arrangements? What protection would the employee have? For example, could an attendant who suffered a back injury at work claim benefits under provincial Workers' Compensation programs?

Yet another issue to be addressed in relation to individualized funding is the actual process of assigning dollars. It is a relatively straightforward process to cost the following items: food, special clothing, shelter, medications, prosthetic/orthotic equipment, eyeglasses, transportation and work-related devices. It is more difficult, although possible, to determine the costs of certain services such as attendant care.

Where it becomes very difficult to individualize dollars, however, is around "soft services" such as vocational rehabilitation or life skills training programs. Such programs would have to be costed on the basis

of the staff, capital expenses, equipment and administrative overhead spent on behalf of a particular individual. One of the problems arising in relation to the latter process is that the costs of these services would necessarily decrease if they accommodated large numbers of participants. While this might be financially attractive to the service, its quality would likely be negatively affected.

What is fascinating about the recent interest in individualized funding is that it is basically a form of enriched needs testing in which *all* living needs are costed. However, it attempts to overcome many of the problems inherent in the current needs-testing process. Individualized funding would allow persons who are disabled to make decisions regarding their own needs and to have control over the funds spent on their behalf. Yet a needs-tested approach runs counter to most of the previously discussed reform options; these have tended to promote unified and integrated systems that reduce the administrative complexities and discretionary procedures that invariably give rise to disparities.

While more study of this option is required, it may be possible to arrive at a compromise solution that would promote adequacy and equity as well as retain a personalized approach. The option would involve combining individualized funding with a core income. The proposed system might look something like this.

Persons who are disabled would receive a core income from the federal government. Federal administration would guarantee a "floor" that was standard throughout the country and at least as adequate as other forms of guaranteed income such as the OAS/GIS. A centralized program would also ensure national standardization of the rates.

The benefit could be paid as a direct monthly transfer like the Old Age Security pension or indirectly in the form of a refundable tax credit. Eligibility for the refundable credit could be determined in the same way in which eligibility for the disability credit is now assessed (see discussion on "Tax Credits").

The core benefit could also be income-tested (as is the Child Tax Credit) so that higher amounts are provided to those in greater financial need. Income-testing permits more simplified administration than needs-tested programs, which are more intrusive methods of determining eligibility for income support.

Additional assistance could be made available through provincially administered systems of individualized funding. Persons who are disabled could determine, in conjunction with an independent broker, their requirements for special items and services, which are relatively easy to cost: medications, transportation, health-related and work-related equipment, and attendant care services. A benefit equivalent to the amount of those special needs could then be provided by the provincial government.

"Soft" services, such as vocational rehabilitation and life skills training, could remain directly funded until there is further study of the implications of demand side funding upon the quality and quantity of social services. Individuals would receive funds to purchase a new service if existing generic services did not meet their needs.

In summary, the resulting system would have the following features: a federally funded benefit provided on an income-tested basis; a provincially administered system of individualized funding for special items and services determined on a needs-tested basis with the assistance of an independent broker; and in the short-term, a cost-shared status quo arrangement for the provision of vocational and social services with a gradual shift toward individualized funding as required.

Such an arrangement incorporates several of the objectives sought by other proposals for income security reform. It would provide a reasonable and equitable minimum income as well as respond to the needs of persons who incur high costs as a result of their disability. The proposed program would also promote recipients' dignity by minimizing intrusion, encouraging their involvement in decisions regarding their personal needs, and allowing choice in the selection of goods and services to meet those needs.

More study of the implications of this approach to income security is required. However, it is possible to conclude at this point that individualized funding is an option well worth considering; it combines in one package the most financially and socially desirable features of the proposals for income security reform that have, to date, been put forth in this country.

CONCLUSION

Regardless of their source of income, most Canadians who are disabled incur high costs arising from their disabling condition. They must spend more money than other individuals on items required for daily living.

Persons with a disability face barriers that often impede significant attachment to the paid labour force. As a result, they must rely on programs of income support. Applicants and recipients experience a variety of problems in relation to these programs. These difficulties include, for example, the complexity of these programs, the requirements in the eligibility criteria, their discretionary features and their low levels of benefit.

The income security system in Canada has been subject to ongoing scrutiny and review. Yet proposals for comprehensive reform of this system have not adequately addressed the issue of the high costs incurred by individuals who are disabled. Their needs are often dealt with through add-on or "top-up" approaches. Even the options that focus upon the reform of the disability income system alone do not present fundamental alternatives for Canadians who have no significant labour force attachments.

What is clearly required are options that: 1) consider as primary the financial needs of persons who are disabled, and 2) represent a real improvement over the current arrangements. In finding a suitable

option, the tension lies in whether to select an income-tested or a needs-tested approach. While the former is administratively simpler, less intrusive and more equitable, it does not have the capacity to respond to individual need, a factor so important to persons who are disabled. The needs test, by contrast, allows individualization of income support. At the same time, its discretionary aspect invariably results in disparities in the way in which individuals with comparatively similar needs are treated.

Individualized funding that incorporates both income-tested and needs-tested components is one possible option for income security reform. However, unless safeguards are built into individualized funding arrangements, they may be no better than the current welfare system. More study and testing of this option are required to ensure that it represents a real improvement — income *security* — for Canadians who are disabled.

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3. Statistics Canada. *The Health and Activity Limitation Survey*. The Daily, May 31, 1988, p.10.

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5. For a discussion of appeal procedures, see: National Council of Welfare. *Welfare in Canada: The Tangled Safety Net* (Ottawa: November 1987).

6. Dickson, M.L. "Treatment of Assets and Estates under Social Assistance." Report prepared for the Ontario Social Assistance Review Committee (Toronto: April 1987), p.4.

7. For a discussion of administrative discretion, see: Beatty, H. "Discretionary Decision-Making, Equity, and Social Assistance." Report prepared for the Ontario Social Assistance Review Committee (Toronto: May 1987).

8. The case of Audrey Henson is discussed in: Dickson, M.L. "Treatment of Assets and Estates under Social Assistance," pp.26-29.

9. The Martinello case is discussed in: Dickson, M.L. "Treatment of Assets and Estates under Social Assistance," pp.29-30.

10. Social Planning Council of Metropolitan Toronto. *Guide for Family Budgeting, 1987* (Toronto: 1987).

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21. Revenue Canada. "Interpretation Bulletin: Income Tax Act, Medical Expenses — After 1985" (Ottawa).

22. Brief presented to the Standing Committee on Finance and Economic Affairs by the Canadian Paraplegic Association. Issue No. 90 (Ottawa: September 2, 1987).

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APPENDIX

APPENDIX: PROVINCIAL SOCIAL ASSISTANCE PROGRAMS

Newfoundland

Eligibility

Individuals over eighteen years of age who are disabled may apply for social assistance in their own right. Those with little or no income are entitled to long-term benefits. They may make such application even if they are living at home with their parents; family income is not a factor in determining the eligibility of an adult who is disabled.

Persons who are "disabled" are those whose condition of physical or mental illness or impairment renders them incapable of maintaining themselves or their families. A medical certificate is required to substantiate the condition; applicants who cannot produce such a certificate must satisfy an officer of the Department of Social Services of their inability to support themselves or their families.

As of November 1987, there were 6,629 social assistance recipients who were disabled, 20 percent of whom (1,319 individuals) had an intellectual impairment.

Liquid Assets

To be eligible for assistance, the liquid assets of a person who is disabled must not exceed $3,000; a family unit with two or more persons headed by an individual with a disability may not have liquid assets over $5,500.

Rates of Assistance

Rates of assistance are calculated according to a pre-added budget that establishes a ceiling for the total basic requirements of the applicant such as food, clothing, personal care and utilities. The amount is reduced if utilities are included in the rental costs. In January 1988, persons who are disabled and living on their own received a monthly maximum of $342 to cover basic needs.

An additional amount of $135 was provided for the cost of rental accommodation. If they lived in "room and board," they received between $205 and $624 depending upon their needs. An adult who is disabled and has one or more dependents received up to $334 a month for rent. Two adults with no children were eligible for a monthly maximum of $470.

Rates of social assistance in Newfoundland have increased an average of 4 percent a year over the past three years.

Special Assistance

Special benefits to which recipients may be entitled include assistance for homemaker services, transportation, certain items of clothing, and medically prescribed diets. Persons with a disability who require supports for independent living may be eligible for an additional flat-rate allowance of $125 a month for a single person and $250 where both spouses are disabled. Registered blind persons may receive up to an extra $81 per month. The actual amount a person with a disability spends on shelter, utilities, attendant care services, and other items of special need required for safety and rehabilitation may also be paid. Various benefits in kind, such as orthodontic care and speech therapy, are also available.

Earnings Exemptions

Single persons may retain the first $30 plus 50 percent of income between $30 and $80. The maximum monthly exemption is $55. For a family, the first $30 plus 50 percent of income between $30 and $200 is exempt. The maximum monthly exemption is $115. Recipients who are disabled can keep $95 and $190 a month in the case of single persons and families with two or more persons, respectively.

Prince Edward Island

Eligibility

Applicants for social assistance must be at least eighteen years of age, have liquid assets within the permitted levels and have insufficient income to meet allowable expenses. Family income and assets are not considered in determining the eligibility of those over eighteen years of age. Individuals under age eighteen may apply for assistance as minors living away from their families; if they live at home with their parents, they are eligible only as part of the family unit.

Persons who are disbled are those individuals in need who have a physical, mental, psychological or other impairment that impedes them from being employed.

Liquid Assets

To be eligible for assistance, the liquid assets of a single person who is disabled cannot exceed $900; a couple in which one or both spouses is/are disabled cannot have liquid assets worth more than $1800.

Rates of Assistance

When needs are deemed to be long-term in nature, a "pre-added" approach is used that includes in its calculation an entitlement for food, clothing, and household and personal needs. A shelter component is then added. The actual cost of shelter is paid up to a set maximum that includes heat and electricity. In July 1988, single persons who are disabled received a monthly benefit of $153 plus a maximum of $390 for shelter and utilities for a total of $542. Persons with a disability living in commercial room and board were eligible for a maximum monthly amount of $484. A married couple with no dependents received $259 and a maximum shelter allowance of $495 for a monthly total of $764.

Special Assistance

In addition to the basic allowance, individuals who are disabled may be eligible for a special care allowance of up to $40 a month and a special diet allowance of up to $25 a month. A maximum of $25 is provided for transportation for medical or recreational needs; up to $25 a week may be available for travel to work or training programs. The latter amounts may be increased if required. Funds may be granted for up to twenty-one days of planned respite care to provide relief for families caring for

adults who have an intellectual impairment. Funds for emergency respite care are also available.

Recipients who are disabled are entitled to other "goods and services" including prosthetic devices, dental care and optical care. At the discretion of the administration, an amount may be granted for any other item required for the individual's safety and well-being.

Earnings Exemptions

The earnings exemptions for persons who are disabled are the greater of: (a) casual income up to a maximum of $50 a month; (b) a sheltered workshop income up to a maximum of $80 a month; and (c) 20 percent of net earnings for the first six months and 10 percent of net earnings for the last six months provided they have had no attachment to the labour force during the twelve months prior to joining the work force or training program. No wage exemption is permitted after this twelve-month period. Individuals with an intellectual impairment, however, can select either of the latter options ([b] or [c] above) for the first twelve months. After the initial year, they may continue to receive the $80 exemption.

Nova Scotia

Eligibility

Nova Scotia is one of three provinces in Canada that has a two-tier welfare system. Individuals or families falling into a particular category (they are disabled, aged, or single parents) may be eligible for Family Benefits. They usually require assistance over an extended period of time. Those in need who do not qualify for Family Benefits may apply for assistance to the municipal government; each of the sixty-six municipalities in Nova Scotia administers its own welfare program.

In December 1987, a total of 12,257 persons who are disabled received Family Benefits. Of these persons, 3,747 recipients (or 30.6 percent) had an intellectual impairment.

"Disability" is defined as a major physical or mental impairment that is likely to continue for at least twelve months and renders the individual unemployable in the regular labour market. A medically approved disability report must be provided. The director of the welfare department may terminate or refuse benefits to persons unwilling to

participate in a rehabilitation program designed to improve their occupational or life skills where such participation is deemed to be in their best interest.

Liquid Assets

The liquid assets of a single person who is disabled and is applying for social assistance cannot exceed $3,000; the liquid assets of a married person with a disability can be no higher than $5,500.

Rates of Assistance

Family Benefits are calculated on the basis of a personal allowance, which takes into account food, clothing and personal needs, and an allowance for shelter, which includes mortgage or rental payments, utilities and taxes. The shelter component is subject to a ceiling (or maximum amount). Nova Scotia is the only province that automatically incorporates within its long-term rates a monthly amount for routine transportation for each household (although British Columbia subsidizes the cost of a bus pass for recipients of the Guaranteed Annual Income for Need for the Handicapped; it can be purchased for an annual fee of $34). In other provinces, funds for this purpose are provided as a special allowance at the discretion of the welfare worker.

In June 1988, recipients with a disability who were paying rent or a mortgage were eligible for a maximum of $469 for shelter, $152 as a personal allowance and $17 for routine transportation for a total monthly maximum of $638. Individuals living at home or as boarders received a maximum shelter allowance of $207, a personal allowance of $134 and a transportation allowance of $17 for a monthly total of $358. Married persons without dependents were entitled to a maximum of $508 for shelter, $404 as a basic personal allowance and $17 for routine transportation for a total monthly maximum of $929.

Regulations under the Family Benefits Act require a semi-annual review of benefits. The rates are adjusted in June and December in accordance with increases for the previous six months in the Consumer Price Index for the city of Halifax.

Special Assistance

The provincial government issues a Pharmacare card to Family Benefits recipients who are disabled to pay for the costs of prescription drugs.

Other special needs allowances are provided by municipalities. Depending upon individual need and the particular municipality, funds may be granted, for example, for special transportation or clothing. Recipients may also be eligible for a range of health-related services including optical, dental and nursing care.

Earnings Exemptions

Family Benefits recipients are allowed to keep $100 ($200 for persons with at least one dependent) as well as 25 percent of gross wages over and above these amounts.

New Brunswick

Eligibility

New Brunswick has three categories of social assistance: 1) the Interim Assistance Program for individuals and families generally expected to attain self-reliance in a relatively short period of time, or remain marginally reliant over a longer period; 2) the Upgrading, Training and Placement Program that provides basic Financial Assistance as well as specialized services to individuals and families with potential for self-reliance; and 3) the Long-Term Established Needs Program for persons who have been on assistance for a period of five years or more, are forty-five years of age or over and have been assessed as being unemployable *or* persons who have been certified as blind or disabled.

The cases of applicants applying for assistance because of disability must be reviewed by the Medical Advisory Board. If certified as disabled and financially eligible on the basis of their liquid assets and a needs test, they are placed in the Long-Term Established Needs Program. If they are not certified as blind or disabled, they are assigned to the Upgrading, Training and Placement Program or to the Interim Assistance Program.

During the 1986-87 fiscal year, the Long-Term Established Needs Program had an average monthly case load of 7,705. Of this, 2,844 cases were designated blind or disabled, representing 8 percent of the total social assistance case load of 35,653.

Liquid Assets

Persons in need who are certified as blind or disabled under the Long-Term Established Needs Program cannot have liquid assets in excess of $1,000 for each person so designated; the value of these assets not to exceed $2,000 for a unit consisting of more than one person.

Rates of Assistance

Assistance is granted in the form of a pre-added budget for items of basic needs such as: food, clothing, household and personal items, fuel and utilities, routine transportation and shelter. In September 1988, a single person who is disabled received a maximum monthly amount of $457. A married couple with no dependents was eligible for a maximum of $687 under the Long-Term Established Needs Program.

It has been provincial practice to increase welfare rates on an annual basis at the beginning of September. The increase is based on amounts approved in the departmental budget for any given year.

Special Assistance

Benefits provided on the basis of individual need include attendant care for medical reasons; 50 percent of the cost of dentures; prosthetic devices and orthotic appliances; and personal social services that help reduce the effects of the impairment and promote self-sufficiency.

Earnings Exemptions

A monthly amount of $150 and $200 for single and for married recipients, respectively, may be deducted from net income.

Quebec

Eligibility

Applicants who cannot provide for their basic or special needs or for those of their families are eligible for assistance. If they are unable to support themselves because of a physical or mental condition, a medical report attesting to the condition is necessary; substantiation by a physician designated by the administration may also be required. Depending upon the nature and degree of disability, recipients may be expected to participate in a "recovery plan."

Under the Social Aid Act, individuals who are eighteen and over

must apply for social assistance in their own right even if they are still living at home and even if their parents themselves are welfare recipients. This provision does not apply to full-time students.

Liquid Assets

Single persons applying for social aid may not have liquid assets exceeding $1,500. The Quebec rules also stipulate that a maximum value of $1,500 in fixed assets is permitted for a total exemption level of $3,000. A family may have $2,500 in liquid assets as well as in fixed assets for a total asset exemption of $5,000.

Rates of Assistance

Social aid benefits in Quebec are provided on the basis of a predetermined level that varies by family size. In January 1988, single recipients who are disabled were entitled to a maximum monthly benefit of $497. Monthly benefits are reduced by $85 for individuals residing with a member of the immediate family. Two adults with no dependents were eligible for a monthly maximum of $794.

Special Assistance

Allowances may be granted for special diets, transportation for medical or dental purposes, and medical supplies. Up to $150 a month for a maximum of three months in any given year may be provided to cover the costs of accommodation for an individual who becomes a patient in a hospital or "reception centre." Recipients are also entitled to prescription drugs, dental care, prosthetic/orthotic appliances, eyeglasses or hearing aids.

Earnings Exemptions

Individuals or families considered to be unemployable are eligible for a monthly exemption of the lesser of $25 or 6 percent of gross monthly income. Single recipients may keep an additional $25, childless couples and single-parent families may keep $40 and families with children are permitted $40 plus $5 per dependent.

Up to $21.80 paid to non-residents of a rehabilitation centre and $25 a month paid to residents of a rehabilitation centre to encourage their attendance in a therapeutic program are not included as income for the purposes of social assistance.

Ontario

Eligibility

Under the Family Benefits Act and Regulations, persons who are eighteen or older, and are disabled, blind or permanently unemployable, or women aged sixty to sixty-four, may be eligible for GAINS-D benefits (Guaranteed Annual Income System for the Disabled) under the Family Benefits program.

Applicants are considered disabled if they have a major physical or mental disability that severely limits their ability to carry out normal living activities. To qualify under the Family Benefits program, the disability must be of a permanent nature. Individuals who are disabled for a short period of time may be eligible for General Welfare Assistance (provided by municipalities in Ontario). Persons deemed to be permanently unemployable are those individuals who can carry out most day-to-day activities but are unable to work because of some medical difficulty that is expected to continue for a long time.

Liquid Assets

The liquid assets of persons and couples who are "GAINS-eligible" cannot exceed $3,000 and $5,500, respectively.

Rates of Assistance

GAINS-D recipients are entitled to a flat-rate allowance that varies by family size and type of accommodation. In January 1988, unmarried GAINS-D beneficiaries received a monthly maximum of $534 (or $493 if they lived in a non-profit boarding situation). A two-adult family in which one spouse was GAINS-eligible received $819 (or $752 if boarding in a non-profit situation); the rate increased to $1,068 (or $986) if both spouses were GAINS-eligible.

A shelter subsidy equivalent to 80 percent of excess shelter costs may also be paid where the actual cost of shelter exceeds the maximum allowable rates. The maximum subsidy ranges from $159 for single persons to $279 for six persons or more.

Assistance for Special Needs

Financial assistance over and above the basic support provided under Family Benefits or GAINS-D is available at the municipal level in the form of "supplementary aid." Assistance may be granted, for example,

for special diets, medical supplies, moving costs and special transportation requirements. Municipalities offer this aid at their discretion; individuals who may be theoretically eligible for supplementary aid may, in fact, receive nothing if they live in a municipality that does not offer this form of assistance. (Recipients of short-term assistance in Ontario are eligible for additional benefits known as special assistance.)

Persons in community facilities under the Developmental Services Act and the Charitable Insitutions Act (e.g., halfway houses, Homes for the Aged and Nursing Homes) are eligible to receive Family Benefits to cover their "per diem" and a comforts allowance. The comforts allowance is $100 for those under age sixty-five and $112 for those sixty-five years or over.

Persons residing in an institution under the provincial Mental Hospitals Act, or enrolled in a training program under the Vocational Rehabilitation Services Act may receive a rehabilitation allowance of up to $100 a month for transportation or work-related expenses. Participants in designated vocational rehabilitation programs who are required to move to partake in the program while maintaining a regular place of residence may be entitled to an additional $369 a month. Those who are residing in an institution approved by the welfare director, such as a "mental retardation facility" or home for special care, and are to be discharged within thirty days may receive a discharge allowance. Up to $650 over and above regular Family Benefits may be paid to help individuals establish an independent residence.

Family Benefits and GAINS-D beneficiaries are also eligible for services in kind including prescription drugs, coverage of health insurance premiums, dental services, purchase or repair of eyeglasses and hearing aids, back-to-school and winter clothing benefits for children, special diet allowances, house repairs to home owners, and comfort and discharge allowance to persons residing in and being discharged from institutions.

Earnings Exemptions

Single persons may earn up to $75 per month and families up to $100 per month without having their Family Benefits allowances reduced. In addition to this basic earnings exemption, sole support parents are permitted a flat-rate monthly work expenses exemption of $40. Persons

who are elderly, permanently unemployable, disabled or blind may be eligible for a flat-rate work expenses allowance of $50 and may also qualify for an extra work expenses allowance of $40 costs associated with age or disability are incurred.

Over and above the basic earnings and work expenses exemptions recipients may keep 50 percent of the next $100 that is earned. Ontario also has a special Work Incentive Program designed to encourage recipients to seek paid employment.

Manitoba

Eligibility

Manitoba is one of three provinces in Canada that have a "two-tier" welfare system. Applicants likely to be in need for an extended period of time (e.g., persons who are disabled, sole-support parents) are eligible for long-term benefits provided by the provincial government. Those persons requiring assistance for a limited time may apply for short-term assistance from the municipality in which they live.

Persons with a disability are individuals who, by reason of physical or mental illness, incapacity or disorder likely to continue for more than ninety days, are unable to earn sufficient income to provide the basic necessities of life for themselves or their families. Eligibility on the basis of disability must be verified by a medical assessment panel. For the cases of individuals who are intellectually impaired, a report from a qualified psychologist instead of a medical report may be submitted.

Persons with an intellectual impairment who are over the age of eighteen and are residing with their families may be eligible for social assistance if they are unable to earn an income sufficient to meet basic living requirements. The resources of other household members are not considered except where applicants are between the ages of eighteen and twenty-two and are applying as students.

Statistics on the numbers of recipients with an intellectual impairment are not available; data are not broken down by type of disability. As of August 1988, there were 10,788 long-term disability cases in Manitoba, representing approximately 46 percent of the social allowances case load.

Liquid Assets

The liquid assets of applicants must not exceed $400 for a single person and $2,000 for a family.

Rates of Assistance

Rates of assistance vary according to living arrangements and family composition. Long-term assistance, to which individuals with a disability are entitled, is the total of the amounts assigned for food, clothing, shelter, utilities and fuel, personal needs and household supplies.

In January 1988, single recipients who are disabled and living independently received a maximum monthly amount of $213.40 for food, clothing, personal needs and household supplies. Assistance for shelter and utilities is provided at actual cost in accordance with administrative guidelines. The maximum for a single person was $248 in that month although this amount could be exceeded where required. The total monthly benefit was $461.40.

Married couples received a monthly maximum of $373.80 for food, clothing, personal needs and household supplies and up to $338 for rent and utilities. Their maximum monthly entitlement was $711.80.

Individuals living in room and board were eligible to receive the actual rent up to $211 a month in the home of a relative and the actual rent up to $277 a month in a private boarding home. An extra $164 per month was added to these amounts for a couple.

The monthly rates for boarders requiring care or supervision was the actual cost up to $328 for individuals living in the home of a relative or up to $420 a month for residents in private boarding homes. A couple in which one party needed special care received an additional $116; when both parties required such care, an extra $229 was added to their budget.

Social allowance rates are reviewed annually. The 1988 rates increased on average 5.3 percent over the previous year.

Special Assistance

Up to $150 may be approved for special needs not otherwise covered. Individuals with an intellectual impairment, in particular, may use this special allocation for vacation purposes subject to administrative approval. Additional amounts may be authorized by the Minister or designate for items for which special provision is not made elsewhere

in the Regulations. Special allowances are available for medically prescribed diets.

Benefits in kind include medical, surgical and dental care; prescription drugs; and attendant care services. Additional assistance may be provided for special educational needs and for transportation for health reasons.

Earnings Exemptions

Recipients who are designated as Work Incentive Program participants are allowed an exemption that is the greater of $50 per month, $0.70 for each hour worked or 30 percent of gross monthly earnings. All other recipients are entitled to a monthly exemption of $50. Exemptions are also allowed for most compulsory payroll deductions and work-related expenses.

Saskatchewan

Eligibility

Persons who are disabled are individuals whose major reason for requiring assistance is, in the opinion of the administrator or designate, a physical or mental disability. When financial support is needed as a result of chronic illness or disability, a medical report regarding the impact of the condition upon future employment capacity is required. Individuals who are eighteen years of age or over and who are disabled may apply for social assistance in their own right even if they are residing at home with their parents.

Liquid Assets

Single applicants cannot have liquid assets in excess of $1,500; the liquid assets of family units with one dependent can be no higher than $3,000.

Rates of Assistance

Long-term assistance is provided to individuals who are likely to require financial support for three full months or more. Rates are set on a pre-added basis and vary by family size as well as by degree of employability.

In January 1988, single persons considered unemployable re-

ceived a maximum monthly amount of $225 for food, clothing, and household and personal allowances. Two adults with no dependents were eligible for a monthly maximum of $390. An additional amount for shelter is then determined on the basis of actual accommodation costs in accordance with rent schedules applicable to various communities throughout the province. The maximum allowable rent for a single person in Regina is $310 although this may be increased where accessibility is a problem. Utility allowances range from $35 to $100.

Adults who are disabled and who live at home with their parents and require special care receive an allowance equivalent to the rate payable on behalf of a resident in a private home not approved under the provincial Mental Health Act.

Special Assistance

Recipients may be entitled to special clothing and food allowances depending upon their individual needs. A special care allowance of up to $25 a month may also be granted to help cover the costs of tasks that persons who are disabled are unable to carry out on their own. This allowance is not available to residents in room and board or institutional settings. An additional amount is available for special telephone equipment if required for seeking work, emergency care or other circumstances. The costs of a telephone are covered in the utility allowance provided as part of the basic assistance.

Benefits in kind include medical care insurance, homemaker services, transportation for medical reasons, a prescription drug plan, payment of fees for vocational assessment or life skills training, and an aids to independent living program. All Saskatchewan residents who possess a Health Services card (this includes welfare recipients) are eligible for services under the Saskatchewan Aids to Independent Living Plan. Its objectives are to help persons who are disabled remain in their own homes, borrow equipment at no charge and overcome financial barriers to obtaining required medical equipment and appliances.

Earnings Exemptions

Welfare recipients are entitled to an exemption on earned income of $100 a month for single persons plus 20 percent of excess income up to a maximum of $150. A two-person family with a member who is disabled

may keep the first $125 of monthly income plus 20 percent of the excess up to a maximum of $225.

Alberta

Eligibility

Persons over the age of eighteen who are disabled are eligible for regular social assistance or for benefits under the AISH (Assured Income for the Severely Handicapped) Program if their disability is severe.

A severe disability is a physical or mental condition that, in the opinion of the director and a physician, impairs individuals by substantially limiting their ability to earn a living. The condition is likely to continue because no remedial therapy would significantly reduce the extent of the impairment. Final decisions regarding eligibility and the amount of assistance are made by medical-social review boards.

Persons whose needs exceed the maximum benefits provided under AISH may be eligible (liquid asset exemption rules would apply) for regular social assistance plus a flat-rate handicap benefit. These individuals are classified as SA/AISH cases.

In August 1988, there were 9,561 individuals with a physical disability, 1,695 with some form of mental illness and 406 persons with an intellectual impairment receiving *regular* assistance. As of December 1987, the latest date for which information could be obtained, there were 4,053 individuals with an intellectual impairment receiving AISH benefits; this represents 28.6 percent of the case load.

Liquid Assets

There is no maximum liquid asset level for determining eligibility under the AISH program. Single individuals and families applying for social assistance may not have assets in excess of $1,500 and $2,500, respectively. If assets exceed these levels, but are of a rehabilitative nature and the applicant may become self-supporting in a reasonable period of time, a social allowance may still be granted.

Rates of Assistance

As of January 1988, the maximum monthly social allowance for an unemployable person including an individual who is disabled was $495 a month. The maximum monthly AISH benefit was $720. Up until 1986,

the maximum monthly payment was adjusted on a yearly basis but has not increased since February 1986.

If a person's needs exceed the maximum benefit of $720 and he or she was AISH-eligible, then that individual may qualify for SA/AISH if there is a budget deficit (i.e., needs exceed resources). The applicant would be eligible for the maximum amounts provided under social allowances plus the flat-rate $175 handicap benefit. This arrangement would be of greatest benefit to individuals who have dependents.

Modified AISH is payable to eligible individuals who reside in a nursing home or specially designated facility. The allowance is calculated according to the social assistance rate for continuous needs (provided for persons in special residential settings) plus the monthly handicap benefit of $175. Unexempt income is deducted from the allowance. When a person who is disabled resides with the immediate family, a room and board rate is provided that is at least $35 less than the community average.

Special Assistance

Additional allowances may be provided for home improvements where a person would otherwise be institutionalized and for a telephone when required for medical reasons. Benefits in kind include health care coverage, ambulance service, free prescription drugs, and dental and optical services for the recipient, spouse and dependent children under the age of eighteen who are residing at home. Recipients also have access to the Alberta Aids to Daily Living Program, which provides medical appliances and equipment to individuals with long-term health conditions.

Earnings Exemptions

Single AISH recipients can keep $165 a month; a couple where both spouses are AISH-eligible can keep $775 a month. Earned income exceeding these levels is exempt at the rate of 25 percent for a single person or couple with one spouse who is disabled or 37.5 percent for a couple in which both spouses are eligible for assistance.

British Columbia

Eligibility

There are three levels of income assistance; applicants may be classified as "employable," "unemployable" or "handicapped." Persons with an intellectual impairment may fall into any one of the three categories depending upon the degree of impairment.

Individuals designated as "handicapped" are considered to be permanently unemployable. They may also have extensive need for assistance or supervision to manage normal daily activities or unusual continuous monthly expenditures for essential needs related directly to the condition.

Persons aged eighteen or over who are applying for GAIN (Guaranteed Available Income for Need) for the Handicapped are assessed on the basis of their own financial circumstances and not according to the resources of the family. This rule applies whether or not the applicant lives at home with parents. A medical assessment is also required for the "handicapped" designation. In April 1988, there were just under 17,000 recipients designated as handicapped.

Single parents who have a child with a physical or mental condition that renders the parent unable to leave the home may also be considered unemployable and therefore eligible for assistance.

Liquid Assets

Applicants who are under age sixty-five and are considered unemployable cannot have liquid assets exceeding $500. Individuals are allowed to have liquid assets worth no more than $1,500 and $2,500 if they are between the ages of fifty-five to fifty-nine, and sixty to sixty-four, respectively. Additional amounts are permitted where dependents are involved. The liquid assets of single persons and couples applying for GAIN for the Handicapped benefits cannot exceed $2,500 and $5,000, respectively.

Rates of Assistance

Monthly benefits are comprised of a support allowance and a shelter component. Rates vary by size of family unit, age of recipient and degree of employability. In January 1988, single persons who are designated as "handicapped" received a monthly benefit of between $408 and $583. This represents a maximum support allowance of $333 and a shelter

component ranging from $75 to $250.

A couple in which one spouse is designated as "handicapped" received between $577 and $914 a month representing a maximum support allowance of $502 and a shelter component of between $75 and $412. If both spouses are designated as "handicapped," their monthly benefit ranged from $795 to $1057.

Special Assistance

GAIN for the Handicapped recipients are eligible for a range of health-related services including dental care (up to approved amounts), optical care, hearing aids, special equipment, speech therapy and homemaker services. Prescription drugs and certain prosthetic/orthotic appliances are also covered. The province subsidizes the cost of bus passes for GAIN for the Handicapped recipients and seniors over age sixty who can purchase the passes for an annual fee of $34; other help may be provided for transportation to assist individuals with an intellectual impairment attend "achievement centres" during the day. British Columbia also grants a special allowance to cover the rental costs of a recipient's private home if he or she requires temporary hospitalization.

Earnings Exemptions

Unemployable single persons and families are entitled to a monthly exemption of up to $50 and $100, respectively. As of September 1986, several measures were introduced to create work incentives. Employable recipients were allowed to retain 25 percent of their net earnings over and above the $50 limit. "Employable" households consisting of a recipient and dependents, none of whom is disabled, could keep 25 percent of net earned income in addition to the $100 limit.

The waiting period for eligibility was reduced from eight to three months; there is no exemption on earnings during the first three months of eligibility. Unemployable recipients except those over age sixty-five may choose to be classified as employable to take advantage of these enhanced earnings exemption guidelines. They must also, however, accept the rate and conditions that apply to employable individuals although health and other benefits continue to be provided indefinitely. If their income drops or ceases, GAIN for the Handicapped status and higher benefits are reinstated.

Northwest Territories

Eligibility

Applicants unable to provide for themselves or their dependents because of illness or disability are eligible for assistance. Medical certificates may be required upon application or at any time to determine employability or readiness for rehabilitation services.

The practice concerning eligibility for welfare of individuals with an intellectual impairment who are over the age of eighteen and who reside with their families is inconsistent; a regulatory review to be undertaken in the Northwest Territories will help clarify this situation.

Statistics regarding the number of welfare recipients who have an intellectual impairment are not available.

Liquid Assets

The amount of the exemption is discretionary. All liquid assets are considered when determining income except small gifts or "contributions" for a disability. The value of any asset that should not, in the opinion of the director, be converted into cash for sound personal or economic reasons is exempt from inclusion as a resource available for support of the applicant. Elderly persons in nursing homes or homes for special care can keep liquid assets up to $1,000 for a single person and $1,500 for a couple.

Rates of Assistance

Rates are calculated according to the total of the individual amounts designated for food, clothing, fuel, utilities, personal care and household allowances. There are ten scales based on the cost of food in various regions of the Territories; the food allowance ranges from $132 to $251 per month. Actual rates of shelter are paid.

In January 1988, single persons who are disabled received a food allowance (of between $132 and $251), $20 for clothing, $5 for personal care, $20 for household expenses and an additional $125 as a disability allowance. An amount for actual shelter costs and utilities was also provided.

Rate increases are proposed by the director as required. The last change took effect April 1987. Prior to that time, rates were increased in June 1976 although allowances for the food component were raised in October 1986.

Special Assistance

A special allowance of up to $25 a month is available for individuals who are disabled to cover the costs of tasks they are unable to perform on their own. Funds for a telephone are provided where required for emergency medical care or rehabilitation. An allowance may be available for the rehabilitation of recipients or their dependents to assist them become partially or fully independent. Funds may be added for other items including prosthetic/orthotic appliances or for housekeeping services.

These allowances are granted at the discretion of individual welfare workers; amounts up to $500 can be authorized by the regional superintendent. All special needs over $500 must be approved by the director.

Earnings Exemptions

An exemption of $50 for a single person and $100 for a family head is permitted. Clothing, transportation and other work-related expenses may also be deducted.

Yukon

Eligibility

Applicants between the ages of nineteen and sixty-five who are certified by a physician as permanently and totally unemployable because of chronic illness, or mental or physical disability are considered to be "permanent exclusions from the labour force." They are entitled to apply for assistance if they qualify on the basis of liquid assets and needs tests.

Liquid Assets

The liquid assets of single persons considered to be permanent exclusions from the labour force cannot exceed $1,500. The assets of a couple in which both are considered to be permanent exclusions cannot exceed $2,500. An additional exemption of $1,500 is allowed where this amount has been placed in trust for funeral or burial expenses.

Rates of Assistance

Assistance is calculated by designating a monthly allowance for food,

rent, fuel, utilities, clothing and incidentals. In January 1988, single persons who are disabled received $497 per month. Individuals living in a privately owned boarding home were eligible for $424 a month.

Special Assistance

A telephone allowance may be provided when this is required for emergency medical care. A rehabilitation allowance may also be granted to help individuals become fully or partially independent. This is made available only after all other sources of assistance are explored. A range of medical, dental, optical and drug benefits is also provided where required.

Earnings Exemptions

There is a $25 monthly exemption for individuals permanently excluded from the labour force on monies from gifts, relative donations, sale of handicrafts, hobby materials or use of special talents. All other net income from full-time employment (more than twenty hours per week) is considered as a financial resource; the welfare benefit is reduced by a corresponding amount.

There is also an exemption on part-time earnings equivalent to the greater of (1) one-half of the net casual earnings of the recipient or spouse but not exceeding 25 percent of the total of those items of basic requirements, or (2) $5.00 per month for a single person, $10 per month for a family of two persons or $15 per month for a family of three or more.

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